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ABSTRACT

This third annual report discusses recent progress and challenges that lie ahead for U.S. cities and metropolitan regions. Part 1 examines social and economic trends affecting U.S. cities and the potential for a city/suburb alliance to promote a common agenda that would address the challenges and seize the opportunities reflected in the trends. Three major findings are: (1) thanks to a booming national economy, most cities are experiencing a strong fiscal and economic recovery, though too many central cities are still left behind, facing serious challenges; (2) some older suburbs are experiencing problems that were once associated only with urban areas (job loss, population decline, crime, and disinvestment), while simultaneously, many suburbs are straining under sprawling growth and its resulting problems; and (3) there is strong consensus on the need for joint city/suburb strategies to address sprawl and the structural decline of cities and older suburbs. Part 2 roadmaps solutions in the form of the Clinton-Gore 21st Century Agenda for Cities and Suburbs. The Agenda has four parts: (1) opening doors to new markets; (2) investing in America's workers; (3) expanding home ownership and affordable rental housing; and (4) promoting smarter growth and livable communities. (SM)

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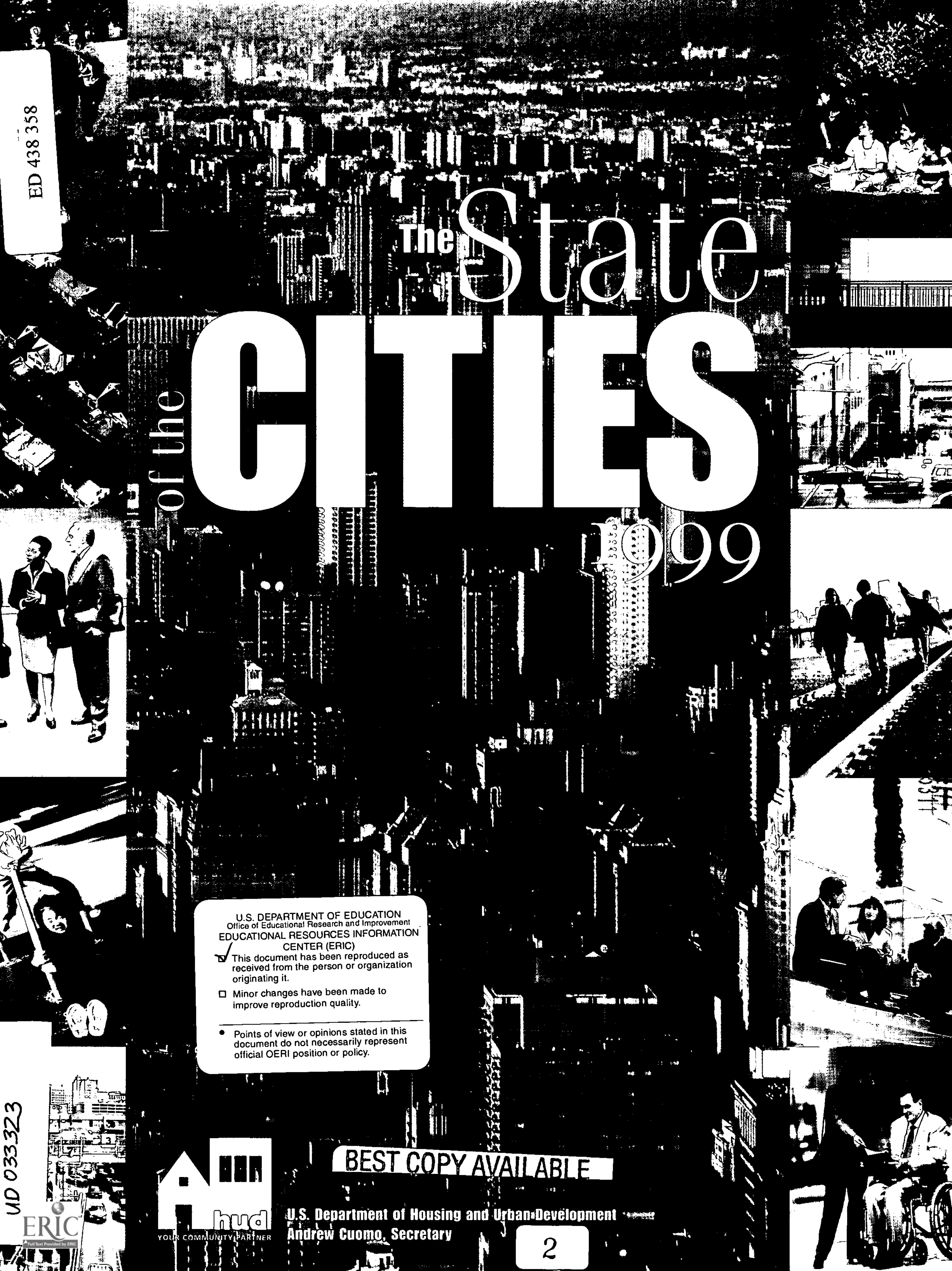

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The State of the CITIES 1999

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U.S. Department of Housing and Urban Development
Andrew Cuomo, Secretary

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U.S. Department of Housing and Urban Development
The Secretary
Washington, D.C. 20410-0001

June 11, 1999

President Clinton
The White House
Washington, DC

Dear Mr. President:

I am pleased to present *The State of the Cities 1999.* In 1997, you directed HUD to report annually on the social and economic vitality of America's cities. Last year we focused on the key opportunity gaps facing cities—in education, jobs, and housing. This year's report says the record-breaking economy has lifted many cities across the country, but there is still substantial work to do—and as you have stated, now is the time to do that work. This report highlights the major challenges facing our Nation's cities and metropolitan regions as we approach the new century—challenges such as high poverty, a lack of jobs, and a sustained loss of population—and it provides a roadmap of solutions.

Last year's *State of the Cities* sent a clear message about what America's communities need. On the HUD front, our agenda of solutions included such proposals as the first new rental housing vouchers in 4 years, an increase in FHA loan limits, and funding for a new round of Empowerment Zones (EZs). Working closely with Congress, HUD secured 50,000 vouchers to address worst case housing needs and support families moving from welfare to work, historic public housing reform, the higher FHA loan limits, funding for the new EZs, and much more—all in all, the best HUD budget in a decade.

In 1999, jobs, homeownership, and local fiscal capacity are up, while crime and unemployment are down. These trends reflect continued economic growth coupled with the hard work of innovative local officials and of faith and community-based groups and businesses. Even with this progress, there is much work ahead. Too many of America's cities have been left behind and are facing significant challenges that require sustained investments at scale. Furthermore, many older suburbs are facing what we once considered "urban" ills. And newer suburbs are struggling with the consequences of sprawling growth. In light of these common struggles, a growing number of local leaders from cities and counties, from urban as well as suburban communities, recognize that their interests and destinies are linked.

As you and Vice President Gore have said, we now have an extraordinary opportunity, given the progress of our economy and the vision and commitment of local partners, to tackle the challenges that remain. Cities are home to some of America's greatest untapped markets for business investment, and vital urban economies are the key to ensuring that all of our metropolitan regions are strong enough to compete in a global marketplace.

The comprehensive agenda that you submitted to Congress earlier this year, in the form of the Fiscal Year 2000 Federal budget, is designed to help cities and suburbs address their remaining challenges. With the resources, incentives, and innovative solutions that we propose, we can partner with the private sector, reach the places left in the shadows, and extend the bright light of opportunity to all. I look forward to working with you and the Congress to ensure that our cities and metropolitan regions receive the bold and timely investments needed.

Sincerely,

Andrew Cuomo

U.S. Department of Housing and Urban Development

The State of the CITIES 1999

Third Annual Report
June 1999

President Bill Clinton
Vice President Al Gore
HUD Secretary Andrew Cuomo

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Executive Summary

Spurred by the Clinton-Gore economic policies and an effective empowerment agenda, most of America's cities are now sharing in the Nation's historic economic expansion. But while most cities are showing clear signs of revitalization and renewal, too many places have yet to share in our prosperity.

> **"I believe we ought not to leave anybody behind when we go into the 21st century. I want people to believe it can be done in their neighborhoods, in their communities, rural or urban."**
>
> ***President Bill Clinton, speaking at the Atlanta Empowerment Zone, New Markets Announcement, May 11, 1999***

Many cities still experience the familiar challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty. This new urban challenge touches all parts of the country. Today's lagging cities are mostly small or mid-sized ones, and they are located throughout the Nation—from agricultural communities to former industrial giants, from timber towns to former mining centers.

Our Nation's older suburbs are beginning to experience the problems of job loss, population decline, crime, and disinvestment previously associated only with central cities. And many suburbs—including newer suburbs—are showing the strains of development patterns that create commuting problems, traffic congestion, and overcrowded schools and rob communities of open space and other environmental treasures.

The same sprawling growth pattern—spread-out developments that typically lack a community focal point—results in underinvestment in our urban markets. This makes metropolitan regions as a whole less competitive. In light of that, it is striking that last November, millions of suburbanites went to the ballot box to show support for growth alternatives and for new investments to enhance community livability.

These initiatives point to a historic opportunity for an alliance of cities and counties—urban as well as suburban communities—to address the challenges facing our metropolitan areas. The challenge is to both reinvest in areas already rich in infrastructure—mostly cities and older suburbs—and find ways to grow smarter on the metropolitan fringe.

Perhaps never before have the interests of the two pillars of regional community—central cities and suburbs—converged so sharply toward a common agenda. Perhaps never before has that agenda been so important, with our Nation entering a new millennium and racing to compete in a dynamic global economy.

Part One of this report focuses on social and economic trends affecting our Nation's cities and on the potential for a city/suburb alliance to promote a common agenda—one that addresses the challenges, and seizes the opportunities, reflected in the trends.

Part Two roadmaps solutions in the form of the Clinton-Gore 21st Century Agenda for Cities and Suburbs.

Three Major Findings

Finding #1

Thanks to a booming national economy, most cities are experiencing a strong fiscal and economic recovery. However, too many central cities are still left behind and continue to face the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty.

Finding #2

Some older suburbs are experiencing problems once associated only with urban areas—job loss, population decline, crime, and disinvestment. Simultaneously, many suburbs, including newer ones, are straining under sprawling growth that creates traffic congestion, overcrowded schools, loss of open spaces, and other sprawl-related problems as well as a lack of affordable housing.

Finding #3

There is a strong consensus on the need for joint city/suburb strategies to address sprawl and the structural decline of cities and older suburbs. We now have a historic opportunity for cooperation between cities and counties—urban as well as suburban—to address the challenges facing our metropolitan areas.

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Part One: Findings—Revitalization, Renewal, and Remaining Metropolitan Challenges

Finding #1

Thanks to a booming national economy, most cities are experiencing a strong fiscal and economic recovery. However, too many central cities are still left behind and continue to face the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty.

Strong Economy Helps Cities To Recover

From 1992 to 1998, many cities registered dramatic drops in unemployment, which fell overall in central cities from 8.5 percent to 5.1 percent in central cities overall. Central city unemployment rates are still one-third higher than the jobless rates in the suburbs, indicating a significant pool of labor available in central cities to continue to power the economic expansion.

For the first time in history, the majority of central city households are homeowners. In 1998 the central city homeownership rate topped 50 percent. A total of 69.6 million families owned their own homes—more than at any other time in American history. Since President Clinton took office in 1993, 7.8 million more families own their homes.[1] In the first quarter of 1999, 50.3 percent of urban residents owned their own homes, compared with 48.9 percent in 1993.

Two-thirds of central cities increased in population from 1980 to 1996. Between 1980 and 1996, two-thirds of the country's 539 central cities enjoyed population growth, although population is still growing far faster in suburbs than in central cities.

Overall, population is still growing far faster in suburbs than in central cities but the gap is narrowing. From 1970 to 1980, more than 95 percent of total metropolitan growth nationwide occurred in suburbs. Since 1980 the suburban share of metropolitan growth has been 77 percent.

Cities across the country are demonstrating new vitality and showing marked improvement in fiscal conditions, service delivery, and quality-of-life indicators. Central cities have shown particularly strong improvements in public safety.

Too Many Cities Left Behind in the New Economy

Despite the positive news, many cities are still being left behind. They continue to suffer from the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty. Serious population declines continue to plague about 20 percent of our Nation's 539 central cities. Unemployment rates remain unacceptably high for 17 percent of central cities. Nearly one in three central cities had poverty rates of 20 percent or more, and even in cities with lower rates, poverty remains concentrated in selected urban neighborhoods.

Serious population losses continue to plague about one in five central cities. A total of 116 central cities lost 5 percent or more of their residents from 1980 to 1996 and 57 cities—more than 1 in 10—lost 10 percent or more of their population. Most of those cities losing population are small or mid-sized.

Unemployment remains unacceptably high in about one in six central cities. High unemployment—50 percent or more above the national rate—affects 17 percent of central cities. Ninety-five central cities and the District of Columbia had jobless rates of 6.75 percent or higher in 1998 compared with an average rate of 4.5 percent for the Nation last year; 64 had rates of 7.9 percent or more (75 percent above the national rate), and 37 had rates of 9 percent or more (100 percent above). Even in cities with low overall unemployment, pockets of high joblessness occur.

Stubborn poverty persists in one-third of our central cities. Poverty rates of 20 percent or higher can be found in 170 central cities—most of which are small or mid-sized—in 34 States and the District of Columbia. In 30 cities the poverty rate is estimated to be 30 percent or higher. These high poverty rates tend to reflect structural barriers to participation in

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the changing economy, such as large skill gaps in the workforce and severely blighted parts of the city that have trouble attracting investment even when market potential exists.

Poor urban residents continue to face an affordable housing crisis and related problems of poverty. As documented in HUD's March 1999 publication, *Waiting In Vain: An Update on America's Rental Housing Crisis*, affordable housing shortages are worsening in part because the strong job economy is pushing up rents faster than wages for millions of Americans. Moreover, households in poverty tend to be geographically concentrated in urban areas, a problem that especially affects the minority poor.

Finding #2

Some older suburbs are experiencing problems once associated only with urban areas—job loss, population decline, crime, and disinvestment. Simultaneously, many suburbs, including newer ones, are straining under sprawling growth that creates traffic congestion, overcrowded schools, loss of open spaces, and other sprawl-related problems as well as a lack of affordable housing.

Some Older Suburbs Are Beginning To Experience Problems

The challenges once concentrated in central cities have spread to some older and "inner-ring" suburbs such as Euclid and Garfield Heights, Ohio (Cleveland); McKeesport, Pennsylvania (Pittsburgh); and Covington, Kentucky (Cincinnati) that are facing such urban ills as crime, poverty, and population loss. The challenges are not restricted to one or two regions of the country but are national in scope.

Suburban jurisdictions—like central cities—are considered to be suffering from distress if their population declined by 5 percent or more between 1980 and 1996 and if their 1995 estimated poverty rate exceeded 20 percent. Nearly 400 suburban jurisdictions in 24 States meet these criteria for distress. While many are small communities, 77 had populations of more than 5,000. As in central cities, disinvestment is creating blighted areas and sapping these communities of their economic vitality.

Simultaneously, Many Suburbs Are Straining Under Sprawling Growth

Many suburbs are showing the strain of patterns of development that create long commutes and traffic congestion, overcrowded schools, and other sprawl-related problems. Suburban residents are suffering from the effects of increased traffic congestion, costly and time-consuming travel, and the loss of recreational opportunities and open space.

The costs associated with sprawl are mounting, so curtailing sprawl could save substantial sums of money over the coming decades. A research team at Rutgers University who carefully studied the costs of sprawl concluded that pursuing strategies to facilitate growth in developed communities would generate savings by decreasing the consumption of developable land and by increasing land available for recreation.[2] By growing "smarter," communities could reduce traffic congestion and the Nation could save billions of dollars in spending for roads, sewers, water, and other vital infrastructure. Costs associated with sprawl include:

- **Poverty concentration and job mismatches.** The outmigration of middle- and upper-income Americans has left behind concentrations of poor people and has sapped once-thriving areas of their economic vitality. Rapid development outside of central cities has created a mismatch between where many potential workers live and where jobs are located. This leads to high joblessness in some pockets while jobs go unfilled in other parts of the same, otherwise healthy, metropolitan areas.

- **Shortages of affordable housing near jobs.** Shortages of affordable housing in growing suburban areas compound job mismatches as rental increases price poor workers out of growing areas with better job opportunities.

- **Public capital and operating costs.** Sprawl drives up the cost of roads, bridges, sewers, and other public capital because development is less dense and requires new systems. Road costs in sprawling communities are 25 to 33 percent higher, utility costs 18 to 25 percent higher, and municipal and school district operating costs 3 to 11 percent higher than in sprawl-free communities.

- **Loss of open space, ecologically sensitive land, and environmental quality.** This pattern of development encroaches on forests, coastal areas, and fragile natural habitats; consumes 20 to 40 percent more open land; and produces about one-third more water pollution than sprawl-free development. In addition, suburban development patterns cause residents to drive more than residents in central city areas, generating proportionately more air pollution.

- **Travel costs.** The average suburban household drives approximately 30 percent more annually than its central city counterpart. That is about 3,300 more miles, which translates to an additional $753 per year per household in transportation costs. Suburban residents spend 110 more hours behind the wheel each year than their urban counterparts—the equivalent of almost 3 full weeks of work.[3]

- **Decline in sense of community.** Some observers suggest that leapfrog development patterns, lack of a central community focal point, and reliance on automobiles contribute to the loss of a sense of community. They suggest that people living in sprawling developments gather less often in public places and feel less responsible to one another and to shared surroundings than residents of more dense communities.

Finding #3

There is a strong consensus on the need for joint city/suburb strategies to address sprawl and the structural decline of cities and older suburbs. We now have a historic opportunity for cooperation between cities and counties—urban as well as suburban—to address the challenges facing our metropolitan areas.

The continuing challenges that face central cities, along with emerging problems in suburbs, have brought us to a historic moment of agreement on a common urban/suburban agenda. The interests of city and suburban residents are rapidly converging in support of a better approach to growth. After 40 years of cities versus suburbs, the dynamic has changed. Now, cities and suburbs are increasingly cooperating to maintain the health of entire metropolitan areas, increase the livability of their communities, and maximize their economic competitiveness. Last year more than a dozen governors from both parties addressed growth issues in their "State-of-the-State" or inaugural addresses. This year more than 30 governors spoke out on this issue in their annual addresses.

> "In the 21st century, increasingly, a livable community will be an economically powerful one."
>
> ***Vice President Al Gore***

In May 1999 the U.S. Conference of Mayors, with the National Association of Counties, completed an important survey of leading officials from urban and suburban areas nationwide to identify the challenges facing jurisdictions in both areas and the prospects for addressing those challenges. This survey documents the historic convergence of interests that has brought county, suburban, and central city leaders to a recognition of their common interest in promoting the health and vitality of entire metropolitan regions. Indeed, more than 80 percent of the officials surveyed from both suburban and urban areas agreed with all of the following statements:

- "The competitiveness of our region is directly tied to the economic strength of our urban core."
- "The long-term health and vitality of our region depends on greater cooperation among cities and suburbs."
- "My city's long-term interests are tied to the future of the surrounding region."
- "The problems of cities and suburbs are closely interrelated in our region."
- "There should be more city/suburb and central city/county cooperation."

And almost all of the officials surveyed—97 percent in both urban and suburban areas—agreed that the most important challenges facing their communities are regional challenges, encompassing surrounding communities as well as their own jurisdictions. Perhaps never before have the challenges facing urban and suburban areas coincided so clearly, nor have they been accompanied by so strong a recognition of the two areas' common interests.

Investing in central cities is the key to creating competitive metropolitan economies. America's regional economies can compete effectively only if they are supported by cities healthy at their cores. In an era of high mobility, low transportation and information costs, and fierce global competition, a metropolitan region without a healthy urban core finds itself at a competitive disadvantage. In a global economy, firms choose from regions, and the health of the central city is a key factor in deciding which region is best.

Moreover, in the current, unprecedented economic expansion, central cities have the resources and untapped markets to extend the boom. A decade ago, Wall Street investors eagerly looked to emerging markets overseas to generate high returns on their capital. Today America's own central cities are the emerging markets of the 21st century. These new domestic markets and their available laborforce are right here, with developable land close to supply lines. Successful urban firms recognize these competitive assets.

However, for the most part, these domestic markets are yet undiscovered territory for many businesses. "The largest pools of untapped investment opportunities and new customers are not beyond our shores," President Clinton declared earlier this year. "They're in our backyard." To address regional problems, investing in the untapped markets of central cities and implementing regional solutions at the local level are key to creating competitive metropolitan economies and livable communities for the new century.

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Part Two: The 21st Century Agenda for Cities and Suburbs

The Clinton Administration's 21st Century Agenda for Cities and Suburbs (outlined in this report) is designed to capitalize on today's favorable conditions for tapping new markets, to anchor positive trends in central cities, and to help cities and suburbs address their remaining challenges. The Agenda is intended to help metropolitan communities deal with sprawling development and forge coordinated regional approaches to growth. While many cities and suburbs are beginning to recognize their common stake in ensuring economic competitiveness and a high quality of life throughout our metropolitan areas, many communities need support to take the next step toward effective metropolitanwide cooperation.

The Agenda relies on the strategies and approaches that have already proven their effectiveness over the past 6 years. It builds on the successful efforts of President Clinton, Vice President Gore, and Congress to help local leaders find solutions that work, such as:

- **Public/private partnerships.** The right mix of public incentives combined with the willingness of the private sector to invest in untapped markets is highly effective as a recipe for revitalizing distressed communities. The Agenda uses targeted public incentives to encourage partnerships among the public, private, and nonprofit sectors and to attract more private sector investment in businesses and redevelopment projects.

- **Comprehensive approaches.** In the past, well-meaning programs often meant a single narrow focus on urban problems. We have now learned that the most effective initiatives tackle distress in a much more comprehensive and integrated manner. In recognition of this fact, the initiatives in the Agenda span multiple Federal agencies and departments.

- **Local and bottom-up strategies.** Today's successful revitalization initiatives operate on a smaller scale than the large Federal programs of the past. They focus on the neighborhood level and are more local and more personal. The Administration's 21st Century Agenda continues the efforts of the past 6 years to refashion Federal programs to support and encourage the work of community-based organizations and local governments.

- **Individual empowerment and financial self-sufficiency.** The Administration's Empowerment Strategy is grounded in a philosophy of rewarding work and ensuring that all people have the opportunity to improve their economic condition. There is also a growing understanding that an effective anti-poverty strategy must incorporate initiatives to help people build assets and equity through homeownership, savings programs, innovative development accounts, and microenterprise development.

- **A strong and capable HUD.** Urban communities benefit from a strong and reinvented HUD as their partner. The FY2000 budget underscores HUD's renewed strength—through Secretary Andrew Cuomo's Management 2020 reinvention efforts—in offering a comprehensive menu of integrated, flexible, decentralized Federal support. Reinvented and powered by a national workforce composed of Community Builders and the new Public Trust Officers, HUD's role is not to dictate but to act as a facilitator and ensure that cities have the resources needed to create jobs, promote affordable housing, fight crime, and create healthier, more livable communities for all citizens.

> "Investing in the areas of our country that have been left behind is not only in their interest, it is in ours as well. If we are to keep our economy going, we need to keep it growing. We need new workers and new markets. We have both right here at home, and now is the time to take advantage of that."
>
> ***Secretary Andrew Cuomo***

The Agenda has four parts:

- **Opening Doors to New Markets.** The evidence strongly suggests that there are attractive business opportunities in rural and inner-city communities that are not being realized. Among the most critical needs of these communities is access to equity investment and technical assistance. President

Clinton's New Markets Initiative is designed to make it more attractive to invest in these communities to ensure that central cities' untapped markets for labor, retail opportunities, and land are used. The Agenda includes initiatives to close the equity and debt capital gaps faced by public, private, and nonprofit developers that are ready to meet the untapped market demand in cities for homes, stores, offices, entertainment facilities, and business services.

- **Investing in America's Working Men and Women.** The Agenda also provides the tools to help workers take advantage of the 21st-century job market, including skills, information, training, and access to jobs that may be distant from their homes and the supports to succeed in those jobs.

- **Expanding Homeownership and Affordable Rental Housing.** Promoting homeownership must be a vital component of any national urban strategy. Homeownership fosters community stability and safety by encouraging families to maintain their properties, watch out for their neighbors, and get involved in neighborhood improvement activities. Providing more assistance for rental housing is equally critical, particularly to overcome the spatial isolation that limits access to jobs and to relieve the distress rent levels (housing that costs more than half the family's income) that exacerbate poverty and rob families of the stability needed to be productive. These initiatives are especially needed given that this strong economy is pushing up rents and intensifying the current affordable housing crisis. The landmark Public Housing Reform Act, enacted in 1998 with HUD support, transforms the provision and funding of affordable housing for low-income families, the elderly, and people with disabilities. Expanding the Low-Income Housing Tax Credit (LIHTC) and implementing a housing security agenda for the Nation's booming population of elders are also vital.

- **Promoting Smarter Growth and Livable Communities.** To realize the billions in savings that could be generated by curtailing sprawl and promoting growth in already-developed communities, the Agenda provides support to State and local governments and private sector partners in six areas: creating smart-growth strategies, redeveloping urban land and industrial sites, removing blighted and vacant buildings, reducing congestion on roads and highways, promoting community involvement in promoting safe streets and better schools, and preserving natural resources and historic amenities.

A. Opening Doors to New Markets

Each of the capital-based initiatives in the Agenda targets a financing need that must be addressed to accelerate private sector investment in distressed communities. All of the programs are based on the proven urban revitalization principles of public/private partnership and leverage (that is, using public funds and guarantees to encourage much larger multiples of private sector investment in promising businesses).

New Markets Initiative

The President's New Markets Initiative (NMI) is a series of measures designed to stimulate $15 billion in new private capital investment in low-income areas with high concentrations of poverty. This initiative is aimed at ensuring that the opportunities for growth and neighborhood and economic development of America's untapped new markets are not lost.

- NMI will build a new national network of private investment institutions to provide the capital and expertise needed to flourish in distressed communities by the full continuum of businesses from the largest companies to microenterpises. **America's Private Investment Companies (APIC),** jointly administered by HUD and the U.S. Small Business Administration (SBA), will create private companies to invest in large businesses seeking to expand or locate in inner cities and distressed rural communities. Investments are expected to total $1.5 billion. **Small Business Investment Companies (SBICs) Targeted to New Markets** will invest between $100,000 and $1 million in small businesses, while **New Market Venture Capital Companies (NMVCs)** will provide additional venture capital and technical assistance for startups. Expanded support for **Community Development Financial Institutions (CDFIs)** will provide a range of financial products and services directly to small businesses and individuals. **Microenterprises** will receive additional loans and technical assistance. A **New Markets Tax Credit** will help spur $6 billion in private equity investment in low- and moderate-income communities,

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providing the extra fuel needed for businesses of all sizes to invest and grow. **BusinessLINC** will encourage mentoring relationships between large and small firms.

- The private sector will provide the time, energy, and creativity needed for successful investment in low- and moderate-income areas while entrepreneurial and forward-looking governments help create the needed institutional framework. For example, the **Community Empowerment Fund (CEF)** will streamline two existing HUD programs (grants and loan guarantees) to create jobs in new markets. An innovative pilot **(CEF Trust)** will standardize underwriting and create loan pools for a secondary market for economic development loans.

- These new and enhanced initiatives to stimulate investment in untapped markets will join existing programs with a proven track record in community development. These programs—**Empowerment Zones/Enterprise Communities (EZ/ECs)**, with a proposed FY2000 funding level of $1.6 billion, and **Community Development Block Grants,** with $4.8 billion in proposed funding—are already helping to revitalize distressed areas and stimulate economic activity in communities that have been left behind in the new economy.

- Brownfields—former industrial sites in need of clean-up before they can be redeveloped as community assets—represent a special challenge and a terrific job-generating opportunity for our cities. The Administration is proposing to double HUD's **Brownfields Redevelopment** funding from $25 million to $50 million per year for the next 3 years. Newly proposed **Better America Bonds** (see below) would also be available to help fund clean-up. The **Community Revitalization and Brownfields Clean-up Act of 1999** would provide funding for State and local governments to accelerate such clean-ups. It also includes liability protections for prospective purchasers and innocent landowners—a key to triggering more private investment in brownfields redevelopment—along with appropriate environmental safeguards.

B. Investing in America's Working Men and Women

Untapped labor markets can contribute to national economic growth only if workers can access jobs and if they have the skills needed to perform well. In order to sustain urban employment growth, the Federal Government must continue to provide a full range of tools to ensure that city residents have the skills needed for today's job market as well as the means to learn about and get to jobs that may be distant from central city neighborhoods. The Administration's Agenda includes specific assistance for job creation, housing, training, and employment services for those making the transition from welfare to work.

- **Preparing America's Working Men and Women To Succeed in the Workforce.** The FY2000 budget proposes a range of initiatives to strengthen adult education, provide re-employment services to all displaced workers, and expand youth employment programs. Spending to **help adults become more literate** and ensure they have the skills needed for today's workforce would grow by $190 million to $575 million. The FY2000 budget also provides $1.6 billion to assist 840,000 **displaced workers** and $1 billion to expand the **Employment Service** and **One Stop Career Centers.** Youth employment programs would also be expanded, including **Youth Opportunity** grants to low-income areas, a new $100-million **Right Track Partnership** program to improve high school achievement and college prospects for disadvantaged youth, and **Youthbuild,** giving school dropouts the opportunity to develop academic and education skills while producing affordable housing.

- **Helping Families Move From Welfare to Work.** To help families in the poorest neighborhoods and those facing the greatest challenges move from welfare to work, the Administration has proposed $1 billion to reauthorize the **Welfare-to-Work** program to increase the employment of long-term welfare recipients in high-poverty areas and to help low-income fathers better support their children. In addition, full funding of the Administration's FY2000 proposals for **Job Access** transportation grants and 25,000 **Welfare-to-Work Housing Vouchers** will help more Americans leave welfare behind.

- **Providing Supportive Services.** To help urban families balance the demands of work and family, the Administration's FY2000 budget proposes a significant new investment in strengthening **childcare** by making it better, safer, and more affordable.

C. Expanding Homeownership and Affordable Rental Housing

Housing is an essential piece of the coordinated response to the common problems of cities and suburbs for three reasons. First, both cities that are beginning to do better and those that have been left behind need homeownership to build strong neighborhoods. A continuation of the recent growth in minority homeownership can strengthen both inner cities and suburbs.

Second, both the economic boom and the pattern of metropolitan development have created a crisis of housing affordability and a jobs/housing mismatch that undermines regional competitiveness.

Third, crisis rent levels have swelled the number of households with worst case housing needs, which now stands at a record 5.3 million. These households—home to more than 13 million persons—pay more than half of their meager incomes for rent or live in substandard housing. Families have too little left for investment in themselves and their children after paying the rent or they must live with the fear—and sometimes the reality—of eviction. Housing is the number one cost burden for families in the transition from welfare to work.

The Administration's housing agenda helps more Americans realize the dream of homeownership while ensuring that others have access to affordable rental housing.

- **FHA Mortgage Insurance** is the ticket to homeownership for millions of moderate-income Americans, particularly minorities and central city residents. The program is meeting the rising demand created by the economic boom and last year's historic increase in the volume of mortgages FHA can insure. At the same time, HUD's regulation of the government-sponsored housing finance institutions Fannie Mae and Freddie Mac helps boost homeownership in underserved areas and by low-income households. **Homeownership Zones** and a new program of **Section 8 Homeownership Vouchers** authorized by last year's public housing reform will create still more homeowners in low- to moderate-income neighborhoods. **Partnership for Advancing Technology in Housing (PATH)** initiative will make homeownership more affordable and—through quality improvements—an even better investment for families striving to create assets and build neighborhoods. In addition, earlier this year Vice President Gore announced an agreement—**Building Homes in America's Cities**—among HUD, the National Association of Home Builders, and the U.S. Conference of Mayors to build 1 million homes in urban areas over the next 10 years.

- The increasing income isolation created by patterns of urban growth can be alleviated by affordable housing strategies using the housing supply programs—**HOME** and the **LIHTC**—that have been put into the hands of mayors, county leaders, governors, and their private and nonprofit partners. **Section 8 Housing Vouchers** can ensure access to this and other affordable rental housing throughout metropolitan regions. Vouchers are the most direct response to the national shortages of affordable housing identified in HUD's report *Waiting In Vain: An Update on America's Rental Housing Crisis*. The renewal of all existing **Section 8** contracts plus the 100,000 vouchers requested in the FY2000 budget (25,000 to help move families from welfare to work, 18,000 for the homeless, and 15,000 linked to the LIHTC for extremely-low-income elderly people), will provide the cushion families need to get and keep jobs and to improve their skills and move ahead.

- The transformation of public housing now underway will strengthen city neighborhoods and create a better environment for families to become self-sufficient. Distressed public housing projects are being replaced by attractively designed mixed-income communities through **HOPE VI** as well as Section 8 housing vouchers. HUD is demanding that the remaining public housing units (most of the public housing stock) be well managed and maintained and is requesting the needed funding.

- Homelessness—the epitome of distress for both communities and people—is being addressed through a new approach based on long-term solutions, not just emergency or stopgap measures.

Since 1994 the Administration has worked with communities nationwide to establish a **Continuum-of-Care** to help homeless people move into jobs and permanent housing.

- The housing crisis affects older Americans as well as working-age families and individuals. The Administration's **Housing Security Plan** for the elderly will enable senior citizens to remain in their current homes and communities, expand the number of extremely-low-income elders receiving housing assistance, and create the combination of housing and services needed by many elders.

D. Promoting Smarter Growth and Livable Communities

Cities and suburbs alike increasingly recognize that they have a common stake in ensuring economic competitiveness and a high quality of life across the metropolitan area. The 21st Century Agenda for Cities and Suburbs includes measures to support local efforts to create regional growth strategies, as well as initiatives to make central cities more attractive to both businesses and residents.

- The **Livable Communities** initiative includes both **Better America Bonds**—a new bond authority for State and local governments to clean up brownfields, create urban parks, and protect water quality—and **Community Transportation Choices**—major new funding for public transit, transportation plans, and alternative forms of transportation. It also includes initiatives—**Regional Connections** and the **Community/Federal Information Partnership**—to develop and implement smart-growth strategies across jurisdictional lines. **Redevelopment of Abandoned Buildings** will allow smart reuse of urban land. Two programs that complement the Livable Communities initiative are **Brownfields Redevelopment,** which promotes redevelopment of urban industrial sites, and the **Lands Legacy Initiative,** which protects natural and historic sites.

- Communities must be seen as safe and attractive to new residents and businesses. The **21st Century Policing Initiative** provides funds to help communities hire and redeploy 30,000 to 50,000 police officers and to use new technologies to prevent and solve crimes.

- Lagging educational systems remain the single most important impediment facing cities in their attempt to keep middle-income residents and to help those left behind move up the economic ladder. **Strengthening Our Schools** will modernize schools, hire new teachers, reduce class size, integrate technology in classrooms, and involve the community in planning and designing schools.

Conclusion

While important challenges lie ahead for America's cities and metropolitan regions, the progress of the last 6 years shows what we can accomplish with a clear focus and with the resources to make a difference. Most importantly, we must sustain America's economic growth and extend that growth to the places thus far left behind in the new economy. Moreover, we cannot think in outdated categories or be limited by historical divides.

The Nation's record economic expansion and the success of the FY99 budget have given us two great gifts. First, they have shown us what is possible. Second, they have opened a window of tremendous opportunity to extend prosperity to all. The President's budget, now before Congress, is a bold move into that window—a comprehensive agenda for seizing on the positive trends and addressing the problems that remain.

The Federal Government, too often part of the problem in the past, needs to be part of the solution if cities, and the metropolitan regions that cities anchor, are to overcome the challenges that face them and ensure a high quality of life for all. Beyond the discussion of trends, this report outlines an agenda for making the Federal Government a valuable partner as metropolitan America enters a new century. That agenda reflects the Administration's commitment to work with Congress, empowering local communities as they prepare for that new century and for critical new roles in our national life.

1 HUD Press Release, No. 99–69, April 21, 1999.

2 Robert W. Burchell, et al., *Transit Cooperative Research Program (TCRP) Report 39: The Costs of Sprawl-Revisited*, Transportation Research Board, National Research Council, Washington, D.C., 1998; Robert W. Burchell, The State of the Cities and Sprawl, report prepared for HUD, 1999.

3 This assumes an average driving speed of 30 miles per hour.

Contents

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Part One: The State of America's Cities

FINDING #1

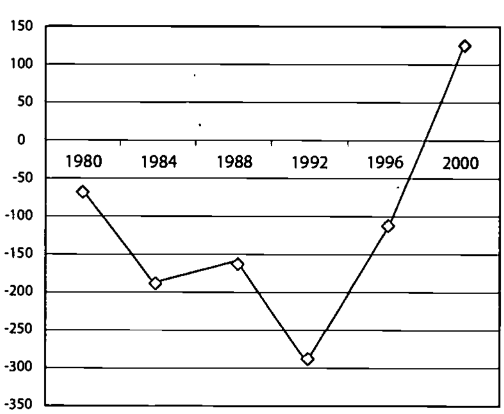
Thanks to a booming national economy, most cities are experiencing a strong fiscal and economic recovery. However, too many central cities are still left behind and continue to face the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty.

Strong Economy Helps Cities To Recover

The strong economy is helping cities recover in many important ways. Most city balance sheets are the healthiest they have been in years, and city services are improving as a result. For the first time in American history, a majority of our urban residents are homeowners. Crime in our cities continues to decline dramatically, and urban school achievement is improving. Many downtown urban cores have been coming back as centers for commerce, tourism, sports, the arts, entertainment, and even housing.

Exhibit 1: After Years of Deficits, the Federal Budget Now Shows Surpluses

Federal Budget Receipts Less Expenditures: 1980 to 2000* (Billions)



* Estimated

Source: Economic Report to the President, February 1999

Jobs and Employment

A strong national economy is driving an economic recovery in most parts of urban America. Nationwide, the familiar villains—inflation, unemployment, high interest rates, and budgetary red ink—have been overcome. The Nation is experiencing budget surpluses, high employment, declining poverty, and a record-high stock market. The United States is in the midst of the longest peacetime economic expansion in its history. The Nation's gross domestic product has grown by an average of 3.4 percent each year since President Clinton took office. More new businesses formed and interest rates remained low. During this time period, the economy created 19 million new jobs. The national unemployment rate, 4.5 percent in 1998, was its lowest since the 1960s. Living costs remained relatively stable even as wages and incomes rose. Inflation fell to 1.6 percent in 1998, its lowest level in many years.[1]

Employment is on the rise in the majority of central cities. Economic recovery is allowing new paychecks to be put in the hands of millions of urban residents, many of whom were previously unemployed or on welfare. Between 1992 and 1998, the number of employed residents living in central cities grew by 11 percent, or more than 4 million people.

> "Cities have changed the way we do business—putting our financial houses in order, improving the delivery of services, restoring public safety, cutting bureaucracy and waste, enhancing parks and open space, and establishing new and innovative partnerships with the private sector. Now we are calling for a new partnership with the Federal Government and with the States. This would be a partnership that extends the economic recovery to distressed areas, that invests in working families, and that reverses policies that tilt the playing field against older communities."
>
> ***Wellington Webb, Incoming President, U.S. Conference of Mayors***

Many central city unemployment rates have fallen dramatically and at a faster rate than those of the suburbs. Between 1992 and 1998, many cities registered dramatic drops in unemployment, which fell overall in central cities from 8.5 percent to 5.1 percent. Unemployment rates also fell in suburbs, but not as sharply as in central cities. From 1992 to 1998

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Exhibit 2: Employment Is Up in Most Central Cities

Number of Employed Residents 1992 to 1998 for 77 Selected Cities

City	1992	1998	Change (in percent)
Albuquerque	203,314	234,966	15.6
Anchorage	118,454	135,236	14.2
Atlanta	171,827	210,237	22.4
Austin	279,306	357,229	27.9
Baltimore	300,172	289,455	–3.6
Billings	44,522	48,827	9.7
Birmingham	112,938	126,995	12.4
Boise City	74,220	98,286	32.4
Boston	263,117	288,382	9.6
Buffalo	129,619	131,788	1.7
Burlington	20,947	23,256	11.0
Charleston	25,140	28,609	13.8
Charlotte	221,251	261,387	18.1
Cheyenne	24,963	26,880	7.7
Chicago	1,196,666	1,228,369	2.6
Cincinnati	162,745	172,596	6.1
Cleveland	182,202	193,504	6.2
Columbia	42,214	45,999	9.0
Columbus	342,301	380,377	11.1
Dallas	540,798	641,606	18.6
Denver	238,031	279,907	17.6
Des Moines	108,971	116,744	7.1
Detroit	329,830	369,877	12.1
El Paso	217,345	239,402	10.1
Fargo	43,327	52,788	21.8
FortWorth	218,719	253,104	15.7
Fresno	152,318	171,198	12.4
Hartford	52,026	50,318	–3.3
Honolulu‡	410,716	406,097	–1.1
Houston	855,877	965,321	12.8
Indianapolis	368,514	412,478	11.9
Jackson	90,359	99,578	10.2
Jacksonville	307,324	380,900	23.9
Kansas City, KS	65,518	68,889	5.1
Kansas City, MO	222,674	254,618	14.3
LasVegas	148,472	212,033	42.8
Little Rock	93,421	99,719	6.7
Long Beach	190,489	202,185	6.1
Los Angeles	1,614,309	1,713,426	6.1
Louisville	120,657	129,997	7.7
Manchester	48,502	54,163	11.7
Memphis	264,556	301,281	13.9
Miami	153,583	164,891	7.4
Milwaukee	273,844	285,494	4.3
Minneapolis	189,945	207,848	9.4
Nashville-Davidson	250,672	304,957	21.7
New Orleans	191,132	194,466	1.7
New York	2,902,214	3,093,370	6.6
Newark	100,217	101,654	1.4
Oakland	163,319	174,841	7.1
Oklahoma City	216,173	237,531	9.9
Omaha	173,980	205,453	18.1
Philadelphia	621,694	610,286	–1.8
Phoenix	495,372	675,766	36.4
Pittsburgh	155,730	154,363	–0.9
Portland, ME	33,479	35,557	6.2
Portland, OR	232,012	271,125	16.9
Providence	64,934	64,965	0.0
Sacramento	165,677	177,957	7.4
St. Louis	160,525	154,996	–3.4
St. Paul	132,514	141,111	6.5
Salt Lake City	84,212	107,092	27.2
San Antonio	431,166	508,403	17.9
San Diego	510,069	572,632	12.3
San Francisco	373,752	401,090	7.3
San Jose	393,146	469,280	19.4
Santa Ana	133,023	149,830	12.6
Seattle	291,022	347,591	19.4
Sioux Falls	57,191	74,177	29.7
Tampa	133,739	162,177	21.3
Toledo	141,489	150,371	6.3
Tucson	190,812	222,342	16.5
Tulsa	189,025	209,964	11.1
Virginia Beach	194,425	209,540	7.8
Washington, DC	283,586	239,469	–15.6
Wichita	162,108	174,485	7.6
Wilmington	31,676	31,833	0.5
Top 10	**9,497,995**	**10,379,056**	**9.3**
Top 50	**18,767,856**	**20,688,077**	**10.2**
All (329) MSAs*	**35,894,783**	**39,845,273**	**11.0**

‡ Data for the Honolulu MSA. The Bureau of Labor Statistics does not provide data for the central city of Honolulu.
* Metropolitan Statistical Areas.

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics. The 77 cities are the 50 largest cities as of 1994, plus 25 additional cities to include at least one city from each State, plus St. Paul, MN, and Kansas City, KS. Because the Bureau of Labor Statistics periodically revises its statistics, slight differences may exist between these figures and those currently reported by the Bureau of Labor Statistics.

ERIC Full Text Provided by ERIC

Exhibit 3: Central City Jobless Rates Have Fallen

Unemployment Rates 1970 to 1998 for 77 Selected Cities and Their Suburbs

	City Unemployment Rate					Suburb Unemployment Rate				
City	1970	1980	1990	1992	1998	1970	1980	1990	1992	1998
Albuquerque	5.2%	6.3%	5.2%	4.8%	4.4%	5.3%	8.2%	5.9%	5.5%	4.8%
Anchorage*	6.2%	7.3%	5.1%	7.3%	4.3%					
Atlanta	3.9%	8.0%	7.6%	10.0%	5.2%	2.6%	4.2%	4.7%	6.0%	3.1%
Austin	3.1%	3.8%	5.3%	4.8%	2.9%	2.7%	3.3%	4.1%	3.3%	2.1%
Baltimore	4.6%	10.7%	8.1%	11.0%	8.7%	2.5%	4.6%	4.0%	6.2%	4.0%
Billings	6.1%	6.6%	4.9%	5.5%	4.1%	5.0%	6.9%	5.3%	5.9%	5.2%
Birmingham	4.8%	8.7%	7.3%	8.4%	4.2%	3.7%	5.6%	4.0%	4.6%	2.3%
Boise City	3.7%	6.3%	3.9%	4.2%	3.1%	3.5%	7.2%	5.2%	5.3%	3.9%
Boston	4.3%	6.1%	5.7%	8.0%	3.3%	3.3%	4.2%	5.2%	7.4%	2.6%
Buffalo	6.0%	13.1%	8.6%	12.2%	8.7%	3.9%	8.0%	3.7%	5.5%	3.8%
Burlington	4.3%	6.0%	4.7%	5.2%	2.8%	3.6%	5.2%	4.1%	5.0%	2.2%
Charleston	3.9%	5.0%	6.5%	9.2%	4.8%	4.1%	7.4%	6.3%	8.7%	4.7%
Charlotte	3.0%	4.4%	3.0%	5.5%	2.5%	2.4%	4.0%	3.1%	5.1%	2.5%
Cheyenne	4.7%	4.8%	5.1%	4.2%	3.3%	3.6%	4.7%	5.3%	4.4%	4.3%
Chicago	4.4%	9.8%	8.4%	9.5%	5.6%	2.5%	4.8%	4.7%	6.2%	3.5%
Cincinnati	4.8%	8.7%	5.8%	8.0%	4.8%	3.3%	6.3%	3.7%	5.5%	3.0%
Cleveland	5.2%	11.0%	9.5%	13.7%	8.4%	2.7%	5.9%	3.9%	5.7%	3.2%
Columbia	2.4%	5.3%	4.9%	6.7%	2.9%	2.7%	4.6%	3.3%	4.2%	1.9%
Columbus	3.8%	6.4%	3.9%	5.4%	2.9%	3.2%	5.0%	3.3%	4.1%	2.2%
Dallas	3.1%	3.4%	6.2%	8.7%	4.2%	3.1%	2.6%	4.3%	5.7%	2.6%
Denver	4.0%	4.9%	5.5%	6.6%	3.4%	3.1%	3.7%	4.1%	4.9%	3.1%
Des Moines	3.0%	5.5%	4.1%	4.7%	2.6%	2.2%	3.8%	2.4%	2.7%	1.7%
Detroit	7.2%	18.5%	14.3%	17.0%	7.0%	4.7%	9.4%	5.9%	7.2%	2.7%
El Paso	4.8%	7.4%	11.2%	11.2%	9.6%	2.5%	5.7%	15.7%	15.7%	16.3%
Fargo	4.2%	6.0%	3.2%	3.5%	1.1%	5.3%	6.8%	4.3%	4.0%	2.8%
Fort Worth	3.7%	4.0%	6.9%	9.4%	4.4%	2.9%	2.8%	4.7%	6.0%	2.8%
Fresno	7.3%	7.8%	10.5%	14.1%	12.5%	8.3%	9.7%	12.6%	16.7%	15.2%
Hartford	4.5%	7.7%	9.2%	12.6%	7.5%	3.0%	3.7%	4.5%	7.4%	3.0%
Honolulu‡	2.5%	4.0%	2.3%	3.0%	5.4%					
Houston	3.1%	3.6%	6.1%	8.7%	5.0%	2.7%	2.9%	3.9%	5.5%	3.2%
Indianapolis	4.2%	7.0%	3.8%	5.9%	2.8%	3.3%	5.9%	3.2%	4.2%	2.0%
Jackson	3.4%	5.4%	6.2%	7.0%	4.2%	3.4%	5.1%	4.3%	4.5%	2.8%
Jacksonville	2.9%	5.4%	5.3%	7.0%	3.3%	3.2%	5.2%	4.6%	5.9%	2.4%
Kansas City, KS†	3.7%	7.6%	9.0%	8.5%	7.3%	2.8%	4.5%	3.8%	3.8%	3.1%
Kansas City, MO	3.8%	6.5%	6.0%	6.2%	4.4%	2.8%	4.5%	3.8%	3.8%	3.1%
Las Vegas	5.5%	6.6%	4.7%	6.6%	4.0%	4.5%	6.0%	4.8%	7.1%	4.2%
Little Rock	3.3%	5.0%	5.5%	5.8%	3.6%	3.2%	5.3%	5.6%	5.8%	4.0%
Long Beach†	5.7%	5.7%	5.5%	9.1%	6.0%	5.6%	5.5%	5.4%	8.9%	6.1%
Los Angeles	6.9%	6.8%	6.7%	11.1%	7.3%	5.6%	5.5%	5.4%	8.9%	6.1%
Louisville	4.5%	9.9%	5.9%	6.8%	4.0%	3.6%	7.1%	4.8%	5.0%	3.0%

(continued)

* No suburb data are available for Anchorage because the central city and the metropolitan area are coterminous.

‡ Data for the Honolulu MSA. The Bureau of Labor Statistics does not provide data for the central city of Honolulu.

† Because Los Angeles and Long Beach are in the same MSA; Kansas City, KS, and Kansas City, MO, are in the same MSA; and Minneapolis and St. Paul are in the same MSA, these pairs of cities share the same suburb data.

* Metropolitan Statistical Areas.

Exhibit 3: Central City Jobless Rates Have Fallen (continued)

	City Unemployment Rate					Suburb Unemployment Rate				
City	1970	1980	1990	1992	1998	1970	1980	1990	1992	1998
Manchester	3.4	5.2%	6.6%	8.5%	2.5%	3.2%	3.9%	4.8%	6.4%	2.6%
Memphis	4.6%	8.5%	5.4%	7.0%	4.6%	4.8%	5.2%	3.6%	4.4%	2.5%
Miami	4.3%	6.1%	11.2%	15.0%	9.6%	3.3%	4.5%	7.0%	9.4%	5.7%
Milwaukee	4.1%	6.9%	5.7%	6.2%	4.8%	2.8%	4.2%	3.3%	3.8%	2.4%
Minneapolis	3.8%	4.8%	4.5%	5.0%	2.5%	3.0%	3.8%	4.1%	4.4%	1.9%
Nashville-Davidson	3.3%	5.1%	3.7%	4.9%	2.6%	3.0%	5.8%	4.2%	5.0%	2.7%
New Orleans	5.7%	7.0%	6.4%	7.2%	5.5%	4.1%	4.7%	5.5%	6.7%	4.6%
New York	4.2%	7.7%	6.9%	11.0%	8.0%	2.6%	4.4%	3.4%	6.3%	3.9%
Newark	6.5%	13.3%	10.7%	16.6%	9.9%	3.0%	5.3%	4.3%	7.5%	3.8%
Oakland	7.6%	9.3%	6.4%	10.1%	6.5%	5.4%	5.8%	3.6%	5.8%	3.4%
Oklahoma City	3.3%	3.4%	5.9%	5.6%	3.6%	3.0%	3.1%	4.7%	4.4%	4.0%
Omaha	3.1%	5.2%	2.8%	3.9%	2.4%	2.0%	3.7%	1.9%	2.7%	2.7%
Philadelphia	4.6%	11.4%	6.3%	8.9%	6.0%	2.8%	5.7%	4.2%	6.7%	3.6%
Phoenix	3.8%	5.5%	4.9%	7.2%	2.9%	4.5%	5.9%	4.8%	6.9%	3.1%
Pittsburgh	5.3%	9.2%	4.8%	6.8%	4.5%	4.1%	7.3%	5.1%	7.1%	4.6%
Portland, ME	6.6%	6.9%	5.4%	7.7%	4.8%	5.8%	5.9%	3.9%	6.2%	3.9%
Portland, OR	3.8%	6.3%	4.3%	6.3%	2.8%	2.7%	5.3%	3.5%	5.1%	2.1%
Providence	4.4%	9.2%	7.6%	9.9%	6.0%	3.5%	6.5%	6.5%	9.0%	4.5%
Sacramento	7.6%	10.3%	5.5%	9.9%	6.2%	6.7%	8.3%	4.0%	7.5%	4.4%
St. Louis	6.4%	11.1%	8.4%	8.3%	7.2%	4.1%	6.6%	5.4%	5.4%	3.7%
St. Paul†	3.6%	4.7%	4.7%	5.3%	2.5%	3.0%	3.8%	4.1%	4.4%	1.9%
Salt Lake City	5.3%	5.6%	4.4%	5.3%	3.3%	4.2%	4.9%	3.6%	4.4%	3.5%
San Antonio	4.1%	5.2%	7.9%	7.0%	4.1%	2.2%	3.0%	4.9%	4.5%	2.7%
San Diego	5.2%	5.9%	4.8%	7.5%	3.7%	4.7%	6.2%	4.6%	7.2%	3.4%
San Francisco	6.2%	6.0%	3.8%	6.9%	3.6%	4.2%	3.6%	2.6%	5.1%	2.4%
San Jose	6.5%	5.3%	4.7%	8.1%	3.8%	5.0%	3.6%	3.1%	5.3%	2.5%
Santa Ana	6.0%	5.3%	6.4%	11.8%	5.2%	5.1%	3.9%	3.1%	5.9%	2.5%
Seattle	8.2%	5.8%	4.1%	7.5%	3.5%	8.1%	5.6%	3.3%	6.0%	2.9%
Sioux Falls	4.3%	4.8%	2.9%	2.5%	1.6%	3.5%	4.2%	2.3%	2.0%	1.9%
Tampa	3.6%	5.5%	5.9%	8.8%	3.6%	3.7%	5.0%	4.6%	6.7%	2.8%
Toledo	4.3%	12.5%	9.6%	10.0%	6.5%	3.5%	8.5%	5.6%	6.1%	3.2%
Tucson	3.9%	6.4%	5.2%	6.1%	3.0%	3.4%	6.1%	3.9%	4.6%	2.4%
Tulsa	4.6%	3.3%	4.6%	5.5%	3.2%	4.8%	3.8%	4.5%	5.2%	3.7%
Virginia Beach	2.3%	4.3%	3.8%	5.3%	2.9%	2.9%	5.2%	4.0%	5.4%	2.0%
Washington, DC	3.7%	6.6%	6.6%	8.6%	8.6%	2.1%	3.6%	2.7%	4.8%	2.6%
Wichita	7.1%	4.0%	4.8%	4.6%	3.4%	5.4%	2.9%	3.3%	3.5%	3.1%
Wilmington	5.6%	9.5%	6.6%	7.1%	4.9%	3.2%	5.6%	6.1%	6.1%	4.1%
Top 10	**4.7%**	**7.8%**	**7.0%**	**10.0%**	**6.2%**	**3.8%**	**5.6%**	**4.8%**	**6.9%**	**3.8%**
Top 50	**4.7%**	**7.2%**	**6.3%**	**8.7%**	**5.4%**	**3.7%**	**5.2%**	**4.4%**	**6.2%**	**3.5%**
All (329) MSAs*	**4.6%**	**7.1%**	**6.3%**	**8.5%**	**5.1%**	**3.8%**	**5.6%**	**4.7%**	**6.6%**	**3.7%**

Source: 1970, 1980, and 1990 Decennial Census, Local Area Unemployment Statistics, Bureau of Labor Statistics. 1998 Local Area Unemployment Statistics, Bureau of Labor Statistics. The 77 cities are the 50 largest cities as of 1994, plus 25 additional cities to include at least one city from each State, plus St. Paul, MN, and Kansas City, KS. Because the Bureau of Labor Statistics periodically revises its statistics, slight differences may exist between these figures and those currently reported by the Bureau of Labor Statistics.

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Exhibit 4: Jobs Are Growing Again in Central Cities

Jobs and Establishments in Central Cities and Average Annual Pay (in 1998 Dollars) for 77 Central Cities and Their Metropolitan Areas: 1991 to 1996*

Year(s)	73 Metropolitan Statistical Areas	77 Central Cities	Suburbs
1991			
Jobs	52,524,822	23,305,144	29,219,678
Establishments	3,215,833	1,256,679	1,959,154
Average Annual Pay	30,300	31,911	29,015
1993			
Jobs	53,254,032	22,995,065	30,258,967
Establishments	3,303,761	1,263,869	2,039,892
Average Annual Pay	30,814	32,615	29,445
1994			
Jobs	54,180,896	23,271,430	30,909,466
Establishments	3,356,893	1,270,214	2,086,679
Average Annual Pay	30,978	32,738	29,653
1995			
Jobs	56,226,587	23,950,126	32,276,461
Establishments	3,415,046	1,284,211	2,130,835
Average Annual Pay	31,287	33,256	29,826
1996			
Jobs	57,381,656	23,999,209	33,382,447
Establishments	3,479,687	1,286,931	2,192,756
Average Annual Pay	32,015	34,103	30,515
Change 1991–93 (in percent)			
Jobs	1.4	–1.3	3.6
Establishments	2.7	0.6	4.1
Average Annual Pay	1.7	2.2	1.5
Change 1993–96 (in percent)			
Jobs	7.8	4.4	10.3
Establishments	5.3	1.8	7.5
Average Annual Pay	3.9	4.6	3.6
Change 1991–96 (in percent)			
Jobs	9.2	3.0	14.2
Establishments	8.2	2.4	11.9
Average Annual Pay	5.7	6.9	5.2

* See Appendix B for individual city and suburb results.

Source: HUD Special Tabulation of County Business Patterns, Bureau of the Census

in the 50 largest central cities, unemployment fell by 3.4 percentage points compared with jobless rate declines of only 2.9 percentage points in those cities' suburbs.

During the current expansion, the improving picture of urban jobs has been so consistent in central cities that unemployment rates rose in only 3 of the Nation's 539 central cities. In the 50 largest central cities, unemployment fell from 8.7 to 5.4 percent.

Central city unemployment rates are still more than one-third higher than jobless rates in the suburbs, however, indicating a significant pool of available labor in central cities to continue to power the economic expansion.

Exhibit 5: Cities Lost Jobs in the Early '90s, But Began Turning Around in 1993

Change in Jobs in 77 Selected Cities and Their Suburbs, 1991 to 1993 and 1993 to 1996

	Change in Jobs 1991–1993		Change in Jobs 1993–1996	
City	City	Suburb	City	Suburb
Albuquerque	9.6%	29.0%	15.8%	4.2%
Anchorage*	2.9%	n.a.	6.7%	n.a.
Atlanta	0.8%	10.4%	9.8%	20.0%
Austin	8.7%	26.6%	23.7%	30.0%
Baltimore	0.3%	–0.0%	–3.6%	10.0%
Billings	4.9%	5.2%	5.6%	21.4%
Birmingham	–3.2%	10.9%	5.8%	10.2%
Boise City	7.4%	21.4%	21.5%	22.8%
Boston◆	–1.3%	1.8%	8.3%	6.4%
Buffalo	–3.9%	1.8%	–2.3%	6.1%
Burlington◆	–4.7%	10.3%	–14.3%	10.8%
Charleston	1.3%	1.8%	1.3%	13.4%
Charlotte	6.0%	4.5%	10.0%	16.2%
Cheyenne	12.1%	–8.4%	3.7%	36.7%
Chicago	–4.0%	2.9%	0.4%	9.0%
Cincinnati	–1.9%	2.8%	–0.6%	12.3%
Cleveland	–5.8%	3.4%	4.5%	8.4%
Columbia	8.8%	–5.0%	4.8%	20.2%
Columbus	1.8%	5.2%	8.9%	18.4%
Dallas	–2.1%	7.9%	6.3%	22.5%
Denver	3.3%	12.0%	1.6%	16.5%
Des Moines	3.3%	6.6%	–2.2%	23.6%
Detroit	–3.0%	4.3%	0.4%	11.3%
El Paso	9.8%	18.2%	6.0%	11.0%
Fargo	4.1%	6.6%	18.3%	8.2%
Fort Worth	0.2%	13.7%	7.7%	19.1%
Fresno	–6.6%	11.4%	7.3%	–2.1%
Hartford◆	–2.9%	–4.0%	–7.3%	1.3%
Honolulu‡	–6.6%	10.0%	–5.0%	4.2%
Houston	–1.7%	12.2%	5.0%	12.1%
Indianapolis	1.7%	9.4%	–0.6%	32.3%
Jackson	2.5%	11.4%	3.4%	18.6%
Jacksonville	4.4%	9.9%	11.0%	16.3%
Kansas City, KS†	–4.1%	7.5%	–0.8%	14.7%
Kansas City, MO	–1.7%	7.5%	5.6%	14.7%
Las Vegas	–4.5%	28.2%	44.7%	19.6%
Little Rock	0.9%	13.2%	17.9%	9.5%
Long Beach†	–22.0%	–3.0%	1.4%	2.0%
Los Angeles	–7.2%	–3.0%	–4.8%	2.0%
Louisville	–4.8%	13.2%	1.7%	18.0%
Manchester◆	–5.3%	n.a.	11.4%	n.a.
Memphis	0.1%	17.4%	8.6%	23.4%
Miami	–4.8%	7.9%	–4.0%	8.4%
Milwaukee	2.3%	3.8%	–4.7%	12.3%
Minneapolis	–3.2%	8.6%	–1.7%	16.0%
Nashville–Davidson	2.6%	14.7%	12.1%	29.5%
New Orleans	2.2%	5.0%	–2.5%	10.7%
New York	–4.3%	–1.0%	2.6%	1.5%
Newark	–0.7%	–2.6%	5.7%	2.7%
Newport News, VA	2.2%	5.3%	15.0%	5.3%
Oakland	–5.5%	0.4%	4.6%	8.7%
Oklahoma City	1.5%	11.2%	10.6%	12.9%
Omaha	8.2%	–5.1%	10.5%	6.7%
Philadelphia	–2.1%	1.5%	–1.2%	5.4%
Phoenix	4.0%	10.6%	17.0%	31.3%
Pittsburgh	–1.8%	2.3%	–0.1%	5.4%
Portland, ME◆	–4.5%	6.9%	2.5%	11.7%
Portland, OR	6.8%	1.6%	15.8%	17.4%
Providence◆	–2.5%	0.7%	–3.2%	4.9%
Sacramento	–2.0%	2.1%	3.1%	12.6%
Salt Lake City	8.7%	13.2%	–1.7%	31.8%
San Antonio	7.0%	25.9%	13.9%	1.4%
San Diego	–2.6%	–0.4%	5.2%	9.5%
San Francisco	–5.1%	–2.3%	0.3%	4.4%
San Jose	–0.0%	–4.0%	13.2%	6.3%
Santa Ana	–11.2%	–0.4%	4.8%	3.9%
Seattle	–3.8%	2.5%	6.6%	7.3%
Sioux Falls	7.8%	8.3%	11.0%	–1.7%
St. Louis	5.3%	–1.3%	2.3%	8.3%
St. Paul†	–2.4%	8.6%	4.6%	16.0%
Tampa	–3.6%	6.0%	7.4%	14.5%
Toledo	–6.8%	11.7%	6.0%	13.8%
Tucson	5.3%	7.9%	9.2%	25.3%
Tulsa	–0.3%	10.2%	6.0%	10.0%
Washington, DC	3.3%	2.0%	–6.9%	9.9%
Wichita	–1.9%	48.0%	4.7%	3.9%
Wilmington	–15.8%	–5.9%	29.6%	0.4%
Top 10	**–3.1%**	**2.9%**	**2.9%**	**10.1%**
Top 50	**–1.4%**	**3.9%**	**4.3%**	**1.3%**
All 73 MSAs*	**–1.3%**	**3.6%**	**4.4%**	**10.3%**

* No suburb data are available for Anchorage because the central city and the metropolitan area are coterminous.
◆ Suburb data are based on the New England County Metropolitan Area (NECMA)
‡ Data for the Honolulu MSA. The Bureau of Labor Statistics does not provide data for the central city of Honolulu.
† Because Los Angeles and Long Beach are in the same MSA; Kansas City, KS, and Kansas City, MO, are in the same MSA; and Minneapolis and St. Paul are in the same MSA, these pairs of cities share the same suburb data.
* Metropolitan Areas

Source: HUD Special Tabulation of County Business Patterns, Bureau of the Census

Innovative City Programs Boost Homeownership

Homeownership is on the rise in central cities—with minority homebuyers leading the way. Increasingly, builders, lenders, and Realtors view central cities as a major new market opportunity. Novel city homeownership programs are encouraging this trend, as more cities embrace initiatives to help families save for a downpayment and buy their first homes. The following are examples of the types of programs cities are launching:

Baton Rouge, LA. *This city lends low-income homebuyers up to $10,000 to buy homes in targeted city neighborhoods. Additional grants and loans are available to help with closing costs and rehabilitation. Homeowners agree to stay for the term of the mortgage. By 1999, approximately 500 families had bought and rehabilitated homes in the targeted areas under this program.*

Scranton, PA. *This city launched a 14-step Homebuyers Program to help low- and moderate- income families through all stages of the homebuying process. Experienced staff, working one-on-one with each prospective homebuyer, help ensure a high approval rate of mortgage loan applicants. The city uses* ***HOME*** *money to match a buyer's downpayment up to 10 percent of the purchase price and helps defray closing costs up to $3,000. By May 1999, 347 families had purchased homes at an average cost of $52,000, with mortgages provided by 32 banks and mortgage companies.*

Anchorage, AK. *AnCHOR helps low-income families buy homes in targeted areas of the city by paying the difference between the borrowers' affordable first mortgage and the home price. Loans are secured by a second mortgage at zero percent interest. The city's private lending partner, First National Bank of Anchorage, originates both the first and second mortgage. Between July 1997 and May 1999, AnCHOR closed about 140 loans.*

Charleston, SC. *Ten banks formed the Charleston Bank Consortium in 1995 to create more homeownership opportunities and improve dilapidated housing. Hundreds of households have attended free homeownership training classes and received credit counseling and budgeting information to prepare them for homeownership. By May 1999, the Consortium had approved more than 165 mortgage loans for low- and moderate-income families.*

Twelve cities are using special HUD ***Homeownership Zone*** *grants to reclaim distressed areas and develop dynamic mixed-income neighborhoods through concentrated homeownership. New urbanist design principles, innovative marketing techniques, and strong local public-private community partnerships are some of the tools these cities are relying on to create viable homeownership communities in cities.*

Flint, MI. *The city embarked on an ambitious plan to transform the University Park area, a symbol of decay and disinvestment, into a neighborhood of 309 quality homes within walking distance of the nearby central business district and the University of Michigan Flint campus. Very little new housing construction took place in the city in the last 12 years until this initiative. By May 1999, more than 40 families had prequalified for a reserved lot with a $2,000 deposit. Construction on the first house is expected in July.*

Philadelphia, PA. *Philadelphia's plan calls for 296 units of infill homeownership housing in harmony with the city's traditional rowhouses. This will restore the Cecil B. Moore neighborhood and draw families back to this once lovely urban neighborhood near Temple University. By mid-1999, 53 homes had been completed.*

Some central city unemployment declines have been modest, but others have been substantial. Between 1992 and 1998, unemployment in Detroit fell from 17.0 to 7.0 percent; in Atlanta from 10.0 to 5.2 percent; in Hartford, Connecticut, from 12.6 to 7.5 percent; and in Santa Ana, California, from 11.8 to 5.2 percent.

Furthermore, lower unemployment rates have had significant ripple effects throughout the economy. More workers mean more adults who can provide for their families, support local merchants, buy homes, invest in the community, start businesses, serve as sources of job leads, and act as role models for the next generation.

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Many central city job bases are growing again. Between 1991 and 1993, 73 major central cities had a decline in employment at a rate of 1.3 percent, but between 1993 and 1996 employment in these same cities rose by 4.4 percent.

Moreover, wages for central city jobs are rising at a faster rate than for suburban jobs. Between 1993 and 1996, the average annual pay for jobs in 77 large central cities rose by 4.6 percent compared with 3.6 percent for suburban jobs.

> "A new generation of county leaders is streamlining government and partnering with mayors to make our communities attractive places to live and work. We need to step up these partnerships—our constituents expect that and deserve it."
>
> ***Betty Lou Ward, President, National Association of Counties***

Job growth is happening faster in the suburbs around central cities. Even while almost all cities are adding jobs and reducing unemployment, growth in the suburbs is happening at a faster pace. Between 1993 and 1996, central city jobs grew in 77 selected cities by 4.4 percent. During the same period, suburban jobs grew more than twice as fast, by 10.3 percent. The rapid increase in suburban jobs has led to mismatches between locations where available untapped pools of workers are (central cities) and locations where the employment needs are greatest (suburbs).

Homeownership

For the first time in history, more than half of central city households are homeowners. Homeownership fosters community stability and safety by encouraging families to maintain their properties, watch out for their neighbors, and get involved in neighborhood improvement activities. Homeownership is the primary way that most families build assets for the future. Also, homeownership serves as a foundation for bringing back commercial reinvestment because new homeowners create demand for neighborhood economic activities, such as grocery stores and other retail establishments.

In 1999, for the first time in American history, central city homeownership rates rose above 50 percent. For the first quarter of 1999, 50.3 percent of urban residents owned their own homes, compared with 48.9 percent at the end of 1993.[2]

America's overall homeownership rate rose to 66.7 percent for the first quarter of 1999—up from 63.7 percent in the first quarter of 1993. A total of 69.6 million families owned their homes—more than at any time in American history. Since President Clinton took office in 1993, 7.8 million more families own homes.[3]

Exhibit 6: Central City Homeownership Rate Hit 50 Percent in 1998

Homeownership Rates: 1988 to 1998

Year	Nationwide	Central City	Suburban	Rural	White	African American	Hispanic
1988	64.0%	48.7%	71.1%	72.1%	69.1%	42.9%	40.6%
1989	64.0%	48.7%	70.4%	73.1%	69.3%	42.1%	41.6%
1990	64.1%	48.9%	70.1%	73.5%	69.4%	42.6%	41.2%
1991	64.0%	48.3%	70.4%	73.2%	69.5%	42.7%	39.0%
1992	64.1%	49.0%	70.2%	73.0%	69.6%	42.6%	39.9%
1993	64.1%	48.9%	70.2%	72.9%	70.2%	42.0%	39.4%
1994	64.0%	48.5%	70.3%	72.0%	70.0%	42.5%	41.2%
1995	64.7%	49.5%	71.2%	72.7%	70.9%	42.9%	42.0%
1996	65.4%	49.7%	72.2%	73.5%	71.7%	44.5%	42.8%
1997	65.7%	49.9%	72.5%	73.7%	72.0%	45.4%	43.3%
1998	66.3%	50.0%	73.2%	74.7%	72.6%	46.1%	44.7%

Source: *U.S. Housing Market Conditions*, February 1999, HUD, pages 78–79

Exhibit 7: Most Central Cities Are Gaining Residents

Population Trends 1970 to 1996 for 77 Selected Cities and Their Suburbs

	City Population Change			Suburb Population Change		
City	1970–1980	1980–1990	1990–1996	1970–1980	1980–1990	1990–1996
Albuquerque	36.1%	16.0%	9.1%	41.4%	11.2%	22.5%
Anchorage†	262.2%	29.8%	10.7%			
Atlanta	–14.5%	–7.3%	2.0%	42.8%	41.9%	22.3%
Austin	37.2%	34.8%	16.2%	68.5%	62.8%	32.2%
Baltimore	–13.1%	–6.5%	–8.2%	19.7%	16.8%	9.5%
Billings	8.5%	21.5%	12.4%	60.0%	–21.7%	7.8%
Birmingham	–5.4%	–6.5%	–2.8%	21.4%	8.2%	10.8%
Boise City	36.6%	22.7%	21.5%	66.2%	9.7%	28.6%
Boston	–12.2%	2.0%	–2.8%	0.7%	3.0%	2.3%
Buffalo	–22.7%	–8.3%	–5.4%	1.6%	–1.8%	0.9%
Burlington	–2.4%	3.8%	–0.3%	22.9%	17.8%	10.1%
Charleston	–10.5%	–10.4%	–2.1%	10.8%	–6.1%	2.7%
Charlotte	30.4%	25.9%	11.5%	12.8%	17.2%	16.0%
Cheyenne	15.7%	5.8%	7.4%	37.9%	8.3%	10.0%
Chicago	–10.6%	–7.4%	–2.2%	15.0%	9.3%	8.4%
Cincinnati	–14.8%	–5.6%	–5.0%	9.6%	7.4%	7.7%
Cleveland	–23.6%	–11.9%	–1.5%	2.3%	–0.2%	2.6%
Columbia	–10.9%	–3.1%	15.0%	47.6%	15.0%	5.7%
Columbus	4.7%	12.0%	3.8%	12.1%	10.5%	11.5%
Dallas	7.1%	11.4%	4.6%	53.0%	45.8%	20.5%
Denver	–4.3%	–5.0%	6.5%	58.9%	23.4%	18.5%
Des Moines	–4.9%	1.1%	0.1%	27.2%	13.1%	17.2%
Detroit	–20.4%	–14.6%	–2.7%	8.3%	2.1%	2.6%
El Paso	32.0%	21.2%	16.4%	47.6%	39.6%	10.9%
Fargo	15.1%	20.7%	13.0%	24.1%	1.5%	2.5%
Fort Worth	–2.1%	16.2%	7.2%	40.4%	46.3%	15.4%
Fresno	31.5%	62.3%	11.8%	23.9%	10.2%	15.6%
Hartford	–13.7%	2.5%	–4.8%	4.4%	7.7%	–0.7%
Honolulu	12.4%	0.1%	15.9%	30.6%	18.5%	–4.8%
Houston	29.4%	2.2%	7.0%	76.4%	47.6%	21.6%
Indianapolis	–5.9%	4.4%	2.1%	24.8%	9.1%	16.4%
Jackson	31.8%	–3.1%	–1.9%	18.2%	24.9%	14.8%
Jacksonville	2.3%	17.4%	7.0%	117.4%	49.7%	21.1%
Kansas City, KS‡	–4.2%	–7.0%	–4.7%	15.7%	16.5%	10.3%
Kansas City, MO	–11.6%	–2.9%	1.4%	15.7%	16.5%	10.3%
Las Vegas	31.1%	56.9%	45.9%	102.9%	63.6%	38.6%
Little Rock	19.6%	10.9%	–0.0%	33.0%	8.0%	12.3%
Long Beach‡	0.7%	18.8%	–1.8%	7.2%	18.5%	3.9%
Los Angeles	5.4%	17.5%	2.0%	7.2%	18.5%	3.9%
Louisville	–17.4%	–9.8%	–3.1%	22.4%	4.1%	7.7%

(continued)

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Exhibit 7: Most Central Cities Are Gaining Residents (continued)

	City Population Change			Suburb Population Change		
City	1970–1980	1980–1990	1990–1996	1970–1980	1980–1990	1990–1996
Manchester	3.6%	9.5%	1.4%	59.5%	34.5%	9.4%
Memphis	3.6%	–5.6%	–2.2%	27.7%	39.5%	23.3%
Miami	3.5%	3.4%	1.8%	39.8%	25.6%	8.8%
Milwaukee	–11.3%	–1.3%	–6.0%	9.9%	5.1%	8.0%
Minneapolis	–14.6%	–0.7%	–2.6%	21.4%	21.9%	13.1%
Nashville-Davidson	1.7%	7.2%	4.7%	61.1%	24.8%	22.2%
New Orleans	–6.1%	–10.9%	–4.1%	34.7%	6.2%	6.0%
New York	–10.4%	3.5%	0.8%	2.3%	1.7%	3.2%
Newark	–13.9%	–16.4%	–2.4%	0.5%	0.4%	1.9%
Newport News, VA	52.3%	49.9%	9.5%	28.5%	30.5%	22.0%
Oakland	–6.2%	9.7%	–1.3%	16.0%	22.0%	8.6%
Oklahoma City	9.9%	10.3%	5.7%	32.6%	12.3%	7.8%
Omaha	–9.5%	6.9%	8.5%	43.5%	6.3%	5.0%
Philadelphia	–13.4%	–6.1%	–6.8%	6.4%	8.0%	4.3%
Phoenix	35.8%	24.5%	17.9%	77.8%	50.2%	29.7%
Pittsburgh	–18.5%	–12.8%	–5.3%	–0.8%	–5.7%	0.2%
Portland, ME	–5.4%	4.5%	–1.9%	25.4%	14.7%	5.7%
Portland, OR	–4.1%	19.4%	9.9%	41.4%	11.6%	18.1%
Providence	–12.5%	2.5%	–5.1%	9.3%	8.8%	0.9%
Sacramento	8.4%	34.0%	1.9%	42.6%	36.6%	13.9%
St. Louis	–27.2%	–12.4%	–11.4%	9.0%	7.7%	5.6%
St. Paul‡	–12.8%	0.7%	–4.6%	21.4%	21.9%	13.1%
Salt Lake City	–7.3%	–1.9%	7.9%	56.4%	24.4%	15.8%
San Antonio	20.1%	19.1%	14.1%	22.4%	28.9%	7.4%
San Diego	25.7%	26.8%	5.5%	49.5%	38.4%	7.2%
San Francisco	–5.1%	6.6%	1.6%	6.2%	8.6%	4.6%
San Jose	41.0%	24.3%	7.2%	7.6%	5.8%	6.5%
Santa Ana	30.2%	44.2%	3.0%	31.9%	20.2%	10.2%
Seattle	–7.0%	4.5%	1.6%	28.2%	32.1%	13.0%
Sioux Falls	12.2%	23.9%	12.3%	21.9%	–8.6%	12.9%
Tampa	–2.2%	3.1%	1.9%	81.7%	42.5%	8.8%
Toledo	–7.7%	–6.1%	–4.6%	17.3%	7.0%	4.9%
Tucson	25.7%	22.6%	10.8%	126.4%	30.2%	21.9%
Tulsa	8.8%	1.8%	3.0%	51.4%	15.3%	10.6%
Washington, DC	–15.6%	–4.9%	–10.5%	18.3%	28.1%	11.5%
Wichita	0.9%	8.9%	5.4%	16.2%	11.5%	6.2%
Wilmington	–12.7%	1.9%	–2.9%	7.4%	14.8%	8.8%
Top 10	**–3.1%**	**4.7%**	**2.1%**	**15.9%**	**16.3%**	**8.1%**
Top 50	**–2.6%**	**5.7%**	**2.6%**	**18.6%**	**17.0%**	**10.0%**
All 329 MSAs*	**1.2%**	**7.0%**	**3.5%**	**18.9%**	**15.0%**	**9.0%**

† No suburb data are available for Anchorage because the central city and the metropolitan area are coterminous.

‡ Because Los Angeles and Long Beach are in the same MSA; Kansas City, KS, and Kansas City, MO, are in the same MSA; and Minneapolis and St. Paul are in the same MSA, these pairs of cities share the same suburb data.

* Metropolitan Statistical Areas.

Sources: 1970, 1980, and 1990 Census of Housing, Bureau of the Census; 1996 Federal–State Cooperative Population Estimates, Bureau of the Census

Exhibit 8: Many Large Cities Are Still Losing Population, But the Rate of Decline Has Slowed Significantly

Population Change Among Large Cities: 1970 to 1996 (in percent)

1970 Rank	City	State	1970–80	1980–90	1990–94	1994–96
1	New York	NY	–10.4	3.5	0.6	0.2
2	Chicago	IL	–10.6	–7.4	–1.2	–1.1
3	Los Angeles	CA	5.4	17.5	1.8	0.2
4	Philadelphia	PA	–13.4	–6.1	–4.0	–2.9
5	Detroit	MI	–20.4	–14.6	–2.1	–0.6
6	Houston	TX	29.4	2.2	5.6	1.3
7	Baltimore	MD	–13.1	–6.5	–4.5	–3.9
8	Dallas	TX	7.1	11.4	3.7	0.9
9	Washington	DC	–15.6	–4.9	–6.4	–4.4
10	Cleveland	OH	–23.6	–11.9	–0.5	–0.9
11	Indianapolis	IN	–5.9	4.4	2.2	–0.1
12	Milwaukee	WI	–11.3	–1.3	–4.0	–2.1
13	San Francisco	CA	–5.1	6.6	0.7	0.8
14	San Diego	CA	25.7	26.8	4.0	1.4
15	San Antonio	TX	20.1	19.1	10.5	3.3
16	Boston	MA	–12.2	2.0	–3.7	1.0
17	Memphis	TN	3.6	–5.6	–0.6	–1.7
18	St. Louis	MO	–27.2	–12.4	–7.3	–4.4
19	New Orleans	LA	–6.1	–10.9	–2.3	–1.8
20	Phoenix	AZ	35.8	24.5	8.7	8.4
21	Columbus	OH	4.7	12.0	3.3	0.5
22	Seattle	WA	–7.0	4.5	1.4	0.3
23	Jacksonville	FL	2.3	17.4	4.4	2.5
24	Pittsburgh	PA	–18.5	–12.8	–2.9	–2.5
25	Denver	CO	–4.3	–5.0	5.5	0.9
26	Kansas City	MO	–11.6	–2.9	1.2	0.2
27	Atlanta	GA	–14.5	–7.3	2.3	–0.3
28	Buffalo	NY	–22.7	–8.3	–3.0	–2.4
29	Cincinnati	OH	–14.8	–5.6	–3.0	–2.1
30	Nashville	TN	1.7	7.2	3.4	1.2
	Top 30 Average		**–5.7**	**2.5**	**0.9**	**0.1**

Sources: 1970, 1980, and 1990 Census of Housing, Bureau of the Census; 1996 Federal–State Cooperative Population Estimates, Bureau of the Census

Minorities have led the way in increasing homeownership. Both African-American and Hispanic homeownership rates have grown twice as fast as the White homeownership rate. The number of homeowners includes a record 5.9 million African-American and 4.2 million Hispanic families—the highest number of minority homeowners in history. The homeownership rates for minorities—46.9 percent for African-Americans and 46.2 percent for Hispanics—are the highest since they were reported separately in 1983 and are believed to be the highest ever. A total of 42 percent of new homeowners since 1994 are minorities, even though minorities account for just 24 percent of the population.

Population

Two-thirds of central cities increased in population between 1980 and 1996. Between 1980 and 1996, two-thirds of the country's 539 central cities had

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Exhibit 9: Immigration Is Helping To Fuel Central City Revival

Number of Foreign-Born Residents Who Moved to the United States From Abroad

	U.S.	Metropolitan Areas		Central Cities		Not in Central Cities		Nonmetro Areas	
Year		Number	% of U.S.	Number	% of U.S.	Number	% of U.S.	Number	% of U.S.
1990–95	3,305,000	3,107,000	94.0	1,621,000	49.0	1,486,000	45.0	199,000	6.0
1996	932,000	868,000	93.1	412,000	44.2	455,000	48.8	64,000	6.9
1997	920,000	858,000	93.3	472,000	51.3	386,000	42.0	62,000	6.7
1998	797,000	729,000	91.5	302,000	37.9	428,000	53.7	68,000	8.5
Total	**5,954,000**	**5,562,000**	**93.4**	**2,807,000**	**47.1**	**2,755,000**	**46.3**	**393,000**	**6.6**

Source: Current Population Survey, March Supplement, 1994–1998, Bureau of the Census

population growth. More than a dozen cities in the South and West grew by 100 percent or more. The most rapid gains were in small cities, but some big cities—such as Las Vegas, which grew by 129 percent—grew as well.[4] Among central cities, population growth occurred in some older cities: New York City, for example, grew by 4.4 percent between 1980 and 1996; Miami by 5.3 percent; Indianapolis by 6.6 percent; and Jersey City by 2.5 percent.[5]

The decade with the largest population loss was the 1970s, when central city populations nationwide hardly grew at all and many large cities suffered considerable population loss.

During the 1990s, 14 of the Nation's 30 largest cities continued to lose residents. However, the rate of decline was slower than in previous decades. Detroit, for example, lost more than 30 percent of its population between 1970 and 1990, but lost only 2.7 percent of its residents between 1990 and 1996. Cleveland lost more than one-third of its residents during the 1970s and 1980s but has experienced only slight population declines since then. Six central cities that lost population in the 1970s gained residents in the 1990s.

Immigrant families are playing a significant role in boosting the populations of some urban communities. Between 1981 and 1996, more than 13 million immigrants came to the United States—the most since the last great immigration waves at the turn of the 20th century. The newcomers have had an important impact on population growth in such gateway cities as Los Angeles, Miami, New York, and Seattle.

Overall, the population is still growing far faster in suburbs than in central cities. The U.S. population continues to disperse toward suburban areas. Between 1970 and 1996, the Nation's suburban population grew by 49.2 percent, compared with 12.1-percent growth in central cities. Today, only slightly more than one-third of the population lives in central cities, compared with 44.9 percent in 1970. However, the relative rate of suburbanization has declined. From 1970 to 1980, more than 95 percent of the total metropolitan growth nationwide occurred in suburbs. Since 1980, the suburban share of metropolitan growth has still been significant—77 percent.

Central City Fiscal Conditions and Quality-of-Life Indicators

Fiscal conditions. The fiscal condition of many central cities has improved significantly over the past 6 years, due to better economic conditions overall and financial management reforms instituted by innovative city governments. Wall Street rating of bonds issued to finance infrastructure and other capital improvement is one indicator of city fiscal strength. Since 1994, Standard and Poor's has raised the standalone general obligation rating on bonds for 24 of the 92 major central cities it currently rates, while lowering only 10 cities' ratings during that period. The upgraded ratings not only reflect improved fiscal outlook in the cities, but also show that cities pay investors a lower interest rate when they sell bonds, saving city taxpayers millions of dollars annually. Those savings become revenues cities can apply to vital service and infrastructure improvements, investments in schools, and even tax cuts for residents and businesses.

Exhibit 10: The U.S. Population Continues To Suburbanize

Year	All MSAs/PMSAs	Central Cities	Suburbs	Central City Share of U.S. Metro Population (percent)
1970	159,853,825	71,727,831	88,125,994	44.9
1980	177,399,088	72,586,529	104,812,559	40.9
1990	198,250,684	77,669,885	120,580,799	39.2
1996	211,879,835	80,401,868	131,477,967	37.9

Sources: 1970, 1980, and 1990 Census of Housing, Bureau of the Census; 1996 Federal–State Cooperative Population Estimates, Bureau of the Census

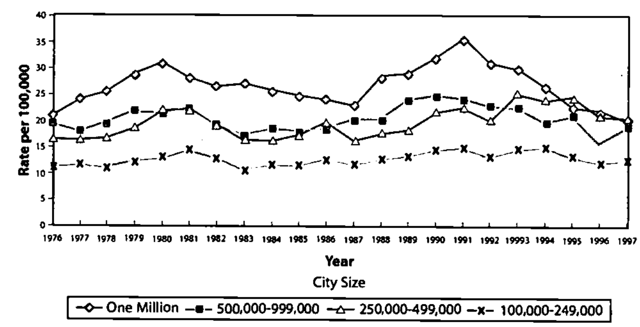
Exhibit 11: General Obligation Bond Ratings Rose in 24 Cities Since 1994

City	State	Current Rating	Prior Rating	Current Rating Date
Anaheim	CA	AA	AA–	9/14/94
Boston	MA	A+	A	9/27/95
Chicago	IL	A+	A	3/20/98
Cleveland	OH	A	A–	6/20/94
Columbus	GA	AA	A	5/12/95
Columbus	OH	AAA	AA+	5/12/95
Denver	CO	AA+	AA	3/9/99
Detroit	MI	BBB+	BBB	12/9/97
Fort Wayne	IN	AA–	A+	10/9/97
Grand Rapids	MI	AA–	A+	9/4/98
Jackson	MS	AA–	A+	6/21/94
Knoxville	TN	AA	AA–	4/24/97
Las Vegas	NV	A+	A	2/14/96
Mesa	AZ	AA–	A+	11/10/95
Miami	FL	BB	B	5/13/97
Montgomery	AL	AA	AA–	3/24/95
New York	NY	A–	BBB	7/16/98
Newport News	VA	AA	AA–	3/5/98
Philadelphia	PA	BBB	BBB–	3/25/97
San Antonio	TX	AA+	AA	12/8/98
Shreveport	LA	A+	A	4/28/95
Tacoma	WA	A+	A	5/20/94
Tucson	AZ	AA	AA–	4/16/96
Washington	DC	BB	B	3/11/98

Source: Standard and Poor's Rating Information Services, April 1999

Exhibit 12: Murder Rates in Big Cities Have Fallen Sharply Since 1990

Homicide Victimization Rates for Cities Over 100,000 Population, 1976–1997



Source: Bureau of Justice Statistics, January 1999

City services. Many central cities are offering residents higher levels of city services. In a 1999 survey, 88 percent of municipal officials reported their cities are able to offer residents good or very good levels of service. Of the nearly 400 officials surveyed, 40 percent expected to increase service levels in the coming year and 75 percent said their cities offered a wider range of city services today than they did 5 years ago.[6]

Public safety. One area in which cities have shown the greatest improvement is in crime reduction. Most big cities are safer today than they were 25 years ago. For the Nation as a whole, the FBI crime index dropped 5.8 percent between 1994 and 1997. Crime rates fell even faster in cities. The largest recorded declines were in violent crimes such as murder, rape, robbery, and aggravated assault. Between 1997 and 1998, the total crime index fell by 6 percent in cities with populations of more than 1 million, including an 11-percent reduction in murders and motor vehicle theft, a 12-percent decline in robberies, and a 14-percent drop in arson. The second largest group of

Officer Next Door Helps Promote Safe Communities

Crime has declined substantially in most central cities, thanks to more police on the streets, new community policing programs, and initiatives to involve residents in the fight against crime. ***HUD's Officer Next Door*** *program is an example of the new initiatives at work.*

Since 1997, HUD has offered generous incentives to encourage police officers to live in urban neighborhoods. Officers can buy homes in target neighborhoods for half of their appraised value and can get an ***FHA-insured mortgage*** *that allows them to purchase the home with a downpayment as low as $100. Participating officers must agree to live in the homes for at least 3 years. By early 1999, nearly 2,500 officers had bought homes through the program.*

Mark Burgess of the ***Salt Lake County*** *Sheriff's Department moved into his two-bedroom condo in the Glendale neighborhood, one of Salt Lake City's highest crime areas. Burgess bought the home with a $100 downpayment and half the listed price of $52,000. "I was really surprised at the number of people who spontaneously came up to me and thanked me for coming into their neighborhood," Burgess said. Irene Hughes of the* ***Washington, DC,*** *Police Department also took advantage of the Officer Next Door program. Hughes, her husband, and their two children bought a three-bedroom home in Northeast Washington for $51,000. "Having an officer in the neighborhood definitely prevents crime," she said. The Hughes' home is the first the family has ever owned and is located just 10 minutes from the police precinct station. Previously, Hughes commuted to work from a two-bedroom apartment in suburban Maryland.*

Source: Bureau of Justice Statistics, January 1999

cities—those with a population between 500,000 and 999,999—recorded a 9-percent reduction in violent crime between 1997 and 1998, including a 12-percent drop in robberies, a 10-percent decline in murder, and a 6-percent drop in aggravated assault.[7]

Crime trends for key large cities are encouraging. Between 1991 and 1997, violent crime dropped 21 percent in Atlanta, 22 percent in Cleveland, 30 percent in Seattle, 31 percent in Kansas City, 33 percent in Boston, 37 percent in Los Angeles, 43 percent in Dallas, and more than 45 percent in New York City.[8]

The Nation's murder rate fell in 1997 to its lowest level in 20 years. Much of the decline occurred in cities with more than 1 million residents, where the murder rate fell from 35.5 per 100,000 population in 1991 to 20.3 per 100,000 in 1997.[9] Americans experienced fewer violent and property crimes in 1997 than in any other year since the survey began in 1973, according to the National Crime Victimization Survey.[10]

Too Many Cities Left Behind in the New Economy

Despite the positive news, too many cities and pockets of concentrated poverty are being left behind in urban America's impressive comeback. These cities continue to suffer from the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty.

While cities overall are faring well, serious population declines continue to plague about 20 percent of our Nation's 539 central cities. Unemployment rates remain unacceptably high in 17 percent of central cities. Nearly one in three central cities had poverty rates of 20 percent or more in 1995 and, even in cities with lower rates, poverty remains concentrated in selected urban neighborhoods. (See HUD's April 1999 report *Now Is the Time: Places Left Behind in the New Economy*, for more details.[11]) City school systems show improvement but are still an Achilles' heel of urban revitalization.

Population Loss

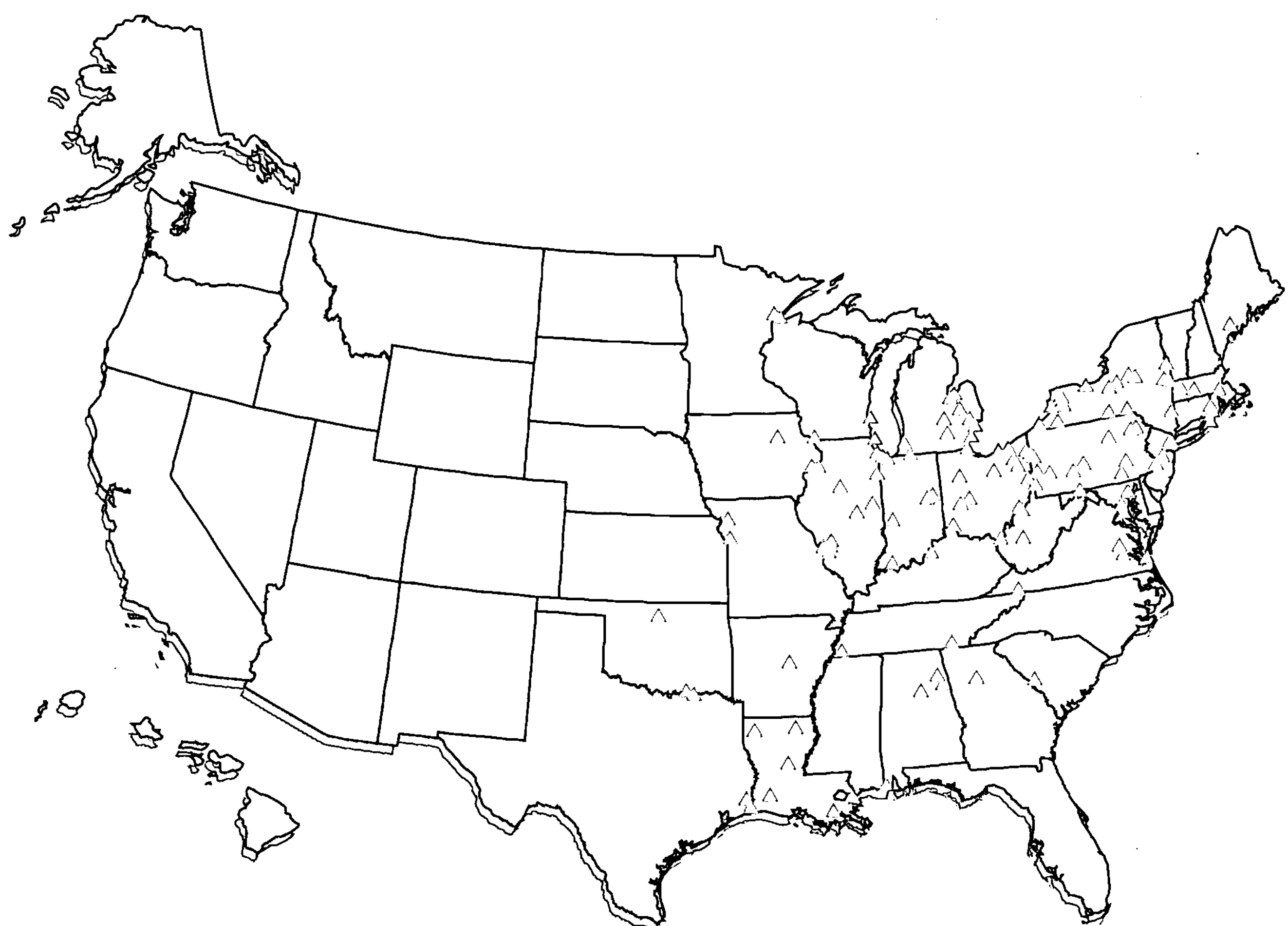
Serious population losses continue to plague about one in five central cities. The fact that many central cities still suffered significant population loss at a time when the overall U.S. population grew rapidly (by 17 percent between 1980 and 1996) is a cause for concern. A total of 116 central cities lost 5 percent or more of their population during that time period. In addition, 57 cities—more than 1 in 10—lost 10 percent or more of their population. These cities lost the workers and consumers needed to improve their economy, as well as the tax base needed to protect livability and strengthen the local business climate. Shrinking cities tend to have higher rates of poverty and unemployment than central cities with a growing or stable population base.

Most cities losing population are small or mid-sized. The most extreme cases of urban population loss reflect a mass exodus of people: East St. Louis, Illinois, lost more than 30 percent of its population between 1980 and 1996; Gary, Indiana, lost 27 percent; Johnstown, Pennsylvania, 26 percent; Youngstown, Ohio, 24 percent; Wheeling, West Virginia, 23 percent; and St. Louis, Missouri, 22 percent.[12]

Jobs and Employment

Unemployment remains unacceptably high in about one in six central cities. While the majority of cities are doing extremely well, high unemployment (50 percent or more above the national rate) affects 17 percent of central cities. This amounts to 95 central cities in 25 States and the District of Columbia with jobless rates of 6.75 percent or higher in 1998 compared with an average rate of 4.5 percent for the Nation last year; 64 had a rate of 7.9 percent or more (75 percent above the national rate), and 37 had rates of 9 percent or more (100 percent above). These higher unemployment rates are mostly in small or mid-sized cities found throughout the Nation.[13]

Exhibit 13: Cities Losing Significant Population Are in 28 States



△ City Losing 5% or More Population 1980 to 1996

Source: Bureau of the Census

Exhibit 14: Unemployment in 37 Central Cities Is Still at Least Double the National Average Despite Strong Recovery

City	State	Percent Unemployed: 1998
Atlantic City	NJ	13.7
Brownsville	TX	14.4
Camden	NJ	13.5
East St. Louis	IL	9.6
Edinburg	TX	15.6
El Paso	TX	9.6
Flint	MI	9.8
Fort Pierce	FL	17.6
Fresno	CA	12.5
Harlingen	TX	9.1
Hemet	CA	9.3
Jersey City	NJ	9.3
Kankakee	IL	9.6
Laredo	TX	9.2
Madera	CA	18.3
McAllen	TX	12.7
Merced	CA	15.2
Miami	FL	9.6
Mission	TX	15.0
Modesto	CA	10.8
Newark	NJ	9.9
Niagara Falls	NY	10.4
North Chicago	IL	10.3
Porterville	CA	18.5
Port Arthur	TX	10.8
Salinas	CA	14.0
Stockton	CA	12.4
Texarkana	TX	9.4
Trenton	NJ	9.1
Tulare	CA	13.4
Turlock	CA	10.6
Visalia	CA	10.2
Watsonville	CA	14.6
Yakima	WA	10.2
Youngstown	OH	10.6
Yuba City	CA	17.7
Yuma	AZ	18.8

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Incomes and Poverty

Poverty persists in about one-third of our central cities. Many central cities are still struggling with high rates of poverty that appear not to have dropped significantly in the first half of this decade. Poverty rates of 20 percent or more can be found in 170 central cities in 34 States and the District of Columbia.[14] In 30 cities, the poverty rate is estimated to be 30 percent or higher. Many of the cities with the highest poverty rates are small or mid-sized.

Persistently high poverty rates tend to reflect structural barriers to participation in the changing economy—barriers such as large skill gaps in the workforce, rapidly disinvested and blighted portions of a city that have trouble attracting investment even where significant market potential exists, and the disruption of traditional job networks.

We have not yet seen evidence of any reversal in the growing concentration of poverty in these cities. For example, the number of central city census tracts with high poverty rates increased steadily from 1970, the percentage of such tracts reaching 13.8 in 1990 (the last year for which data are available). The growing concentration of poverty has hit inner-city residents particularly hard.

Poor central city residents continue to experience homelessness and related problems of poverty. Even with an improving economy, homelessness and related problems continue to plague the poorest residents of many central cities. A 1998 survey of 30 major cities by the U.S. Conference of Mayors indicates that although cities are improving by many important indicators, hunger and homelessness have not been eradicated and affordable housing shortages may be worsening. Officials in the surveyed cities estimated that requests for emergency food assistance increased by an average of 14 percent during 1998—with 78 percent of the cities registering an increase. About two-thirds of those requesting emergency food assistance were children or their parents. More than one-third of those requesting food assistance were employed.

Exhibit 15: Central City Poverty Rates Are Still 30 Percent or Higher in 30 Cities

Central City Poverty Rates in 30 Cities (in percent)

City	State	Poverty Rate 1989	Estimated Poverty Rate 1993	Estimated Poverty Rate 1995
Atlanta	GA	27.3	35.6	33.6
Augusta	GA	33.3	42.4	42.7
Benton Harbor	MI	58.0	74.0	64.3
Brownsville	TX	43.9	38.8	39.9
Camden	NJ	36.6	49.2	44.2
Detroit	MI	32.4	39.6	33.1
East St. Louis	IL	43.9	47.9	44.3
Edinburg	TX	33.8	31.9	33.6
Flint	MI	30.6	35.9	30.4
Fort Pierce	FL	29.2	38.9	39.3
Harlingen	TX	29.9	29.3	30.6
Hartford	CT	27.5	38.3	35.2
Laredo	TX	37.3	35.1	35.2
Lawrence	MA	27.5	37.5	30.3
Madera	CA	26.9	33.4	33.0
McAllen	TX	32.7	32.4	34.4
Merced	CA	25.1	31.6	33.9
Miami	FL	31.2	45.4	42.8
Miami Beach	FL	25.2	37.7	35.2
Mission	TX	37.3	36.5	37.5
Monroe	LA	37.8	37.6	35.0
New Orleans	LA	31.6	37.9	33.6
Newark	NJ	26.3	35.3	30.5
Newburgh	NY	26.2	34.3	31.5
Pine Bluff	AR	27.7	32.9	31.8
Port Arthur	TX	28.1	29.1	30.1
Porterville	CA	26.8	32.2	31.8
Saginaw	MI	31.7	36.7	32.8
San Benito	TX	36.8	36.8	39.0
San Luis Obispo	CA	27.4	28.5	30.0

Sources: 1990 Census of Population, Bureau of the Census; 1993 and 1995 estimates by HUD from Small Area Income and Poverty Estimates, Bureau of the Census

Lifting All Boats: Cities Work To Spread the Benefits of a Strong Economy

Central city job rolls are growing again, and unemployment and welfare are down substantially. Quite a few cities have launched initiatives to help ensure the benefits of a strong economy are extended to their poorest residents.

Jacksonville, FL, has made extensive use of HUD's Section 108 program to fund economic development projects that create jobs for the city's low-and moderate-income residents. Since 1994, Jacksonville has launched 11 projects in partnership with for-profit developers. The projects which are using $26 million in Section 108 funds, have a total value of more than $300 million and are creating 1,500 jobs.

Iowa City, IA, is providing city support to an innovative private business—Heartland Candleworks—to help homeless people attain economic self-sufficiency. In 1996, the city gave Heartland $50,000 in HUD's Community Development Block Grant funds to buy production line equipment for candle molds. Recognizing the special situations facing many of its employees, the company provides flexible working hours and funds for workers' security deposits. Since July 1, 1996, more than 125 homeless and disadvantaged people have worked for Heartland Candleworks.

Requests for shelter also increased in 72 percent of the surveyed cities during 1998, by an average of 11 percent. People remained homeless for an average of 10 months. Lack of affordable housing led the list of causes of homelessness identified by the city officials. On average, single men comprised nearly one-half of those requesting emergency shelter in the Conference survey. Requests for assisted housing rose in three-fourths of the cities. A similar number of cities reported that they had stopped accepting applications for at least one assisted housing program because waiting lists had grown excessively long.

Despite the robust economic recovery, worst case housing needs remain at an all-time high as losses of affordable housing continue. Last year, HUD's report to Congress on worst case housing needs documented that 5.3 million very-low-income renter households—the highest number on record—paid one-half or more of their income for housing or lived in severely substandard housing. Ironically, worst case needs increased the fastest among the working poor, growing by 24 percent, as the economic recovery spurred rent increases that outstripped gains in earnings.

More recent data confirm the difficult housing situation for Americans at the bottom of the economic ladder. A 1999 HUD report, *Waiting In Vain: An Update on America's Rental Housing Crisis*, found that the consistent decline of affordable housing stock during the two decades prior to 1995 continued through 1998. Between 1996 and 1998, units with monthly rents below $300 dropped by almost 900,000 units—a decline of 13 percent. Similarly, rent increases continued to outpace income growth for poor Americans. As a result, the report found that the time families spend on waiting lists for HUD rental assistance has grown dramatically.

Urban school systems show slight improvement but are still failing to prepare an alarming number of children. The National Assessment of Educational Progress (NAEP) reported in 1999 that test scores among central city middle school students have begun to increase slowly as a result of education reform efforts nationwide. Nevertheless, central city school systems across the board are still underperforming and remain the most significant barrier to central city revitalization, especially attempts to attract middle-income households back to cities.[15]

The challenges confronting central city schools have not changed significantly since being reported in detail in last year's *State of the Cities:*

- Central city schools serve much greater concentrations of poor and minority children than do suburban schools. In 80 percent of large central city schools, at least 70 percent of students are poor and more than 50 percent are minorities.
- Some central city school systems have difficulty recruiting qualified teachers.
- Basic achievement in central city schools continues to lag: In 1996, 60 percent of the children in urban schools failed to achieve basic levels of competency in reading and mathematics on the NAEP test.
- About one-half of all high school students in large city school districts fail to graduate in 4 years.

FINDING #2

Some older suburbs are experiencing problems once associated only with urban areas—job loss, population decline, crime, and disinvestment. Simultaneously, many suburbs, including newer ones, are straining under sprawling growth that creates traffic congestion, overcrowded schools, loss of open spaces, and other sprawl-related problems as well as a lack of affordable housing.

Challenges once concentrated in central cities have spread to some older suburban communities, such as Euclid and Garfield Heights (Cleveland), Southfield and Oak Park (Detroit), and East Point (Atlanta). These communities are facing such urban ills as crime, poverty, and population loss. These older suburbs, often referred to as "inner-ring" suburbs, surround the central city and were developed during the exodus in the 1950s and 1960s. These challenges are not restricted to one or two regions of the country but are national in scope.

In the 1990s, 90 percent of Minneapolis' inner-ring suburbs gained poor children at a faster rate than Minneapolis itself. Six of the 10 communities in the San Francisco Bay Area with the highest poverty rates are inner-ring suburbs surrounding the bay. In four Atlanta suburbs, the growth in median family income between 1960 and 1990 lagged behind income growth in the central city.

Nearly 400 suburban jurisdictions in 24 States meet HUD's criteria for distress. Suburban jurisdictions—like central cities—are considered to be suffering from distress if their population has declined by 5 percent or more between 1980 and 1996 and if their 1995 estimated poverty rate exceeds 20 percent. Nearly 400 suburban jurisdictions met these criteria for distress in 1996. While many are small communities, 77 had populations greater than 5,000 and 22 had populations of 15,000 or more. As in central cities, disinvestment is creating blighted areas and sapping these communities of their economic vitality.

Exhibit 16: Urban Problems Have Spread to Some Suburbs

Distressed Suburban Places With Populations Greater Than 15,000

City	State	1996 Population	1995 Estimated Poverty Rate (in percent)	Population Change 1980–96 (in percent)
Pritchard	AL	32,887	51.6	–16.8
Hallandale	FL	31,163	21.4	–14.5
College Park	GA	20,300	30.5	–17.6
East Point	GA	34,155	21.2	–8.9
Forest Park	GA	17,060	20.0	–9.2
Chicago Heights	IL	31,899	21.1	–13.8
Harvey	IL	29,097	26.9	–18.7
Covington	KY	40,971	23.8	–17.4
Newport	KY	16,957	29.5	–21.4
Gretna	LA	16,862	31.2	–18.2
Hamtramack	MI	18,262	30.7	–14.3
Highland Park	MI	19,788	45.9	–29.1
Inkster	MI	30,992	24.8	–11.9
East Orange	NJ	70,534	20.8	–9.4
Oswego	NY	18,522	22.7	–6.4
Ashtabula	OH	21,315	21.7	–9.1
East Cleveland	OH	31,141	30.4	–15.7
Butler	PA	15,179	23.9	–10.8
Chester	PA	40,660	31.8	–11.2
McKeesport	PA	23,343	24.3	–24.7
Washington	PA	15,184	24.4	–17.3
Orange	TX	18,953	23.4	–19.8

Sources: 1980 and 1990 Census of Population, Bureau of the Census; 1993 and 1995 estimates by HUD from Small Area Income and Poverty Estimates, Bureau of the Census; and Federal–State Cooperative Population Estimates, Bureau of the Census

Suburbs are showing the strains of sprawling growth that creates long commutes and traffic congestion, overcrowded schools, and other sprawl-related problems. At the same time that disinvestment is harming central cities and many suburbs, other suburbs are showing the strains of sprawling growth. Sprawl is a particular type of suburban development characterized by very-low-density settlements, both residential and nonresidential; dominance of movement by use of private automobiles; unlimited outward expansion of new subdivisions and leapfrog development of these subdivisions; and segregation of land uses by activity. Suburban residents are suffering from the effects of increased traffic congestion, time-consuming commutes, and the loss of recreational opportunities and open space. Last November, voters around the country approved almost three-fourths of the 240 ballot initiatives to make already-developed communities more attractive for new investment and growth.

There is a new readiness among local leaders to forge a common agenda across historical divides. A May 1999 survey by the U.S. Conference of Mayors asked leaders of 93 central cities and 66 suburbs to identify the most important challenges facing their communities. The responses make it clear that sprawl is creating strains for many suburbs: Indeed, 74 percent of suburban officials identified "limiting the negative effects of sprawl on the community" as a challenge affecting their community. The specific problems associated with sprawl were also cited as important challenges: For example, 91 percent of suburban officials—far more than listed any other challenge—listed "cutting traffic congestion on roads and highways" as their top challenge. Eighty percent listed "protecting

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Suburban Communities Increasingly Experience Urban Problems

*Problems once associated primarily with central cities have spread to many older suburbs. Street gangs had just begun to emerge in the **Chicago** suburbs of **Oak Park** and **River Forest** in 1995 when the community decided it had better act fast. Already, there had been violent incidents attributed to gangs, including a drive-by shooting at a junior high school and the beating death of a teenager. School officials and police began referring students they suspected of being at high risk for joining gangs to a special team hired by the community. The team began intervening immediately when gang-related school violence occurred. The initiative includes social services for targeted families—ranging from parenting skills and conflict resolution to job training and substance abuse counseling. Since the program began, gang-related violence has declined markedly. The community had 14 gang-related incidents in 1995; in 1998 there was only 1.*

Communities Address Job Mismatches

***Fort Worth, TX,** lost thousands of jobs in the late 1980s and early 1990s, but employment has now come back strong. Fort Worth Works tries to ensure that central city residents can access jobs in the city's booming suburban markets. Thirty community agencies and educational institutions participate, providing training and other needed workforce supports. The initiative also provides transportation for inner-city workers to jobs in the growing industrial area near the airport, as well as childcare support. Participating employers include Federal Express, Intel, Southwest Bell Telephone, Nokia, BF Goodrich, and Sprint. After landing a huge contract, Trinity Industries, a local railcar manufacturer, faced the difficult task of locating more than 600 welders to employ. Fort Worth Works brought together the company, local school districts, and other training agencies to find and train qualified welders. Trinity eventually hired 650 people—415 came from inner-city neighborhoods.*

the environment as the community grows" and 75 percent cited "avoiding overcrowding of schools."

The costs associated with sprawl are mounting, so curtailing sprawl could save substantial sums of money over the coming decades. A research team at Rutgers University who carefully studied the costs of sprawl concluded that pursuing strategies to facilitate greater growth in developed communities would generate savings by decreasing the consumption of developable land and increasing land available for recreation. By growing smarter, communities could reduce traffic congestion and the Nation could save billions of dollars every year in spending for roads, sewers, water, and other vital infrastructure. The broader costs associated with sprawl include:

- **Poverty concentration and job mismatches.** The outmigration of middle- and upper-income Americans has left behind concentrations of poor people and has sapped once-thriving areas of their economic vitality. Rapid development outside of central cities has created a mismatch between where many potential workers live and where the jobs are located. This leads to high joblessness rates in some areas while jobs go unfilled in other parts of the same otherwise healthy metropolitan areas.

  A study of the changes in metropolitan area settlement patterns between 1980 and 1990 found that metropolitan areas in which central city poverty was more concentrated in particular census tracts suburbanized faster than metropolitan areas in which central city poverty was less concentrated. For example, if Chicago's poverty population in 1980 were one-half as concentrated as it actually was, the Chicago metropolitan area would have suburbanized at a rate 19 percent slower than it actually did from 1980 to 1990.[16] An analysis from the Woodstock Institute quantifies the city/suburban job disparity in the Chicago region. Between 1991 and 1996, employment in the Chicago region rose by almost 8 percent, but the city is actually losing jobs at a slightly greater rate than in the 1980s, with a decline of 40,000 manufacturing jobs between 1991 and 1996. In many older suburban areas, employment growth was slowing too; some areas registered job declines in certain key sectors.[17]

  Public transit is frequently not designed to carry central city residents to suburban jobs. In Boston, researchers studying entry-level job openings found that welfare recipients using transit would, after a 1-hour commute, still access only 14 percent of the jobs in the region's fast-growth areas. In Atlanta less than one-half of the region's entry-level jobs are located within a quarter mile of a public transit route—and almost no jobs are accessible by transit in job-rich Cobb and Gwinnett Counties.[18] In addition, a significant share of central city residents do not have cars with which to access those suburban jobs.

Racial and ethnic segregation exacerbates the situation by limiting minorities' access to housing in the suburbs. As a result, African-Americans and Hispanics are likely to bear the largest employment losses from the discrepancy between central city and suburban rates of job growth.

- **Shortages of affordable housing near jobs.** Shortages of affordable housing in growing suburban areas compound job mismatches, as rental increases price poor workers out of growing areas with better job opportunities.

- **Public capital and operating costs.** Sprawl increases total spending on roads, bridges, sewers, and other public capital projects because existing networks have to be extended further and because new systems—typically underused—must be constructed at high cost. Road costs are 25 to 33 percent higher and utility costs are 18 to 25 percent higher in communities marked by sprawl than in sprawl-free communities. Municipal and school district operating costs are 3 to 11 percent higher in sprawling developments.

- **Loss of open space and sensitive environmental land.** Sprawl encroaches on forests, coastal areas, and fragile natural habitats and threatens native wildlife. It consumes 25 to 67 percent more open land than nonsprawl development and produces about one-third more water pollution.

- **Travel costs.** Because of our development patterns, Americans are driving more. Between 1983 and 1990, the average miles traveled annually per person in the United States rose by 19 percent; vehicle miles traveled went up even faster—by 37 percent.[19] That means Americans now spend the equivalent of almost 2 waking hours every day driving somewhere in their cars.[20] Persistent traffic jams used to be a problem in a handful of cities such as Los Angeles and New York. Now congested freeways are a national epidemic. An index developed by the Texas Transportation Institute indicates that congestion worsened in 47 of 50 major U.S. cities between 1982 and 1991.[21] Concerns about traffic are not coming only from people who must commute. Increasingly, employers are also worried about long and enervating commutes for their workers and the negative impact of traffic on the capacity to fill suburban jobs. The average suburban household drives 3,300 more miles than its central city counterpart—about 31 percent more annually. That additional driving amounts to an additional $753 per year per household in transportation costs. Assuming an average driving speed of 30 miles per hour, suburban residents spend 110 hours more behind the wheel each year than their urban counterparts—almost 3 full weeks of work.

Atlanta

The Atlanta metropolitan area has sprawled outward by leaps and bounds-growing from 65 miles north to south in 1990 to 110 miles in 1998. Driven by decaying air quality and gargantuan traffic jams, the State of Georgia this spring created a super-agency—the Georgia Regional Transportation Authority (GRTA)—to promote more rational development in the Atlanta region. GRTA has broad powers to guide growth, including the authority to stop construction of highways or shopping malls that don't promote smart-growth.

One impetus behind creation of GRTA was Atlanta's designation as a "serious" violator of the Clean Air Act of 1990 because of the excessive air pollutants produced by the region's traffic. The designation jeopardizes Atlanta's Federal highway funding. But an even more compelling reason for creating GRTA was the region's growing traffic gridlock. In a mid-1999 poll of more than 200 metro Atlanta leaders, respondents overwhelmingly rated traffic congestion as the region's most serious challenge. The Atlanta Journal-Constitution *reports that the average resident in the Atlanta region drives more than 34 miles a day—more than the residents of any other American city.*

- **Decline in the sense of community.** Sprawl-affected suburbs contribute to the loss of a sense of community because of their leapfrog development patterns, segregated land uses, reliance on automobiles, and lack of a community focal point. Studies show that people living in sprawling developments gather less often in public places and feel less responsible to one another and to shared surroundings than residents of more dense communities.

- **Degradation of air and water quality.** Current patterns of development exacerbate air and water pollution problems by increasing the number of miles that commuters drive (causing air pollution) and by increasing paved surface area (causing runoff pollution). One study, for example, found that residents on the sprawling fringe of the Denver metro area used 12 times as much gasoline as those in Manhattan.[22] This extra driving results in emissions of carcinogenic and toxic air pollutants as well as soot and other compounds that cause respiratory disease as well as smog. Another study found that reducing sprawl in New Jersey would decrease the amount of new paved areas needed by 30 percent, resulting in a 40-percent reduction in the amount of water pollution caused by stormwater runoff.[23]

FINDING #3

There is a strong consensus on the need for joint city/suburb strategies to address sprawl and the structural decline of cities and older suburbs. we now have a historic opportunity for cooperation between cities and counties—urban as well as suburban—to address the challenges facing our metropolitan areas.

The revitalization of our central cities, along with the emerging problems in suburbs, has brought us to a historic moment of agreement on a common urban/suburban agenda. The interests of city and suburban residents are rapidly converging in support of a better approach to growth. After 40 years of city versus suburbs, the dynamic has changed. Now urban and suburban areas are increasingly cooperating to maintain the health of the entire metropolitan area—to increase the livability of their communities

Roots of the Urban Decline-Sprawl Cycle

Until the 1960s, most growth in metropolitan areas occurred within the boundaries of central cities. In 1950 almost 70 percent of the population of our major metropolitan areas still lived within the city limits; in contrast, by 1990 more than 60 percent of our population lived outside central cities.[24]

Sprawl was not part of earlier outmigration expansion from central cities. Before World War II—and for a decade thereafter—suburban communities generally followed the growth patterns that had guided the development of our urban communities. The first suburbs, in inner rings around major cities, were multipurpose communities with a mix of public and private spaces, stores, shops, parks, and homes of varying size and value.

By the 1960s, however, a new development pattern had emerged. The Nation began building subdivisions of homes and locating shopping centers, commercial strips, and industrial parks elsewhere—without much connection among any of these land uses. Increasingly there were no town centers and dependence on automobiles increased. As populations steadily moved to new communities, they disinvested in the communities they had left behind.

As a result of this new pattern, U.S. metropolitan areas started to become much less densely developed by the 1980s. According to a recent report, growth in developed land outpaced growth in urban populations by almost four to one between 1970 and 1990.[25] Nationwide, land in urban areas increased from 52 million acres in 1982 to 65 million acres in 1992—a 25-percent expansion in just one decade.

Today, this single-use development occurs on a micro basis in almost all of the Nation's 3,141 counties and is a dominant form of development in about 20 percent of those counties. Sprawl is especially evident in metropolitan areas that are expanding much faster than their populations are growing. From 1950 to 1990, for example, Phoenix's population grew by 828.7 percent, but its land area expanded by 1,247 percent.[26] The land area of Kansas City's metro area grew by 70 percent between 1990 and 1996, but the population increased only 5 percent.[27]

and maximize their economic competitiveness. Last year more than a dozen governors from both parties addressed growth issues in their "State of the State" or inaugural addresses. This year, more than 30 governors echoed these suggestions in their annual addresses.

These leaders and their constituents are showing a growing recognition of simple realities. The key problems and opportunities of the times—crime, pollution, untapped markets, workforce development, welfare reform, infrastructure improvement, and more—do not respect jurisdictional boundaries. City and county leaders, regional councils, regional business roundtables, faith-based metropolitan alliances, and other groups are not just finding common ground—they are fashioning solutions that break the mold. From Treasure Valley in Idaho to metro St. Louis, from Eastward Ho! in South Florida to San Diego and central New York State, leaders in the new regionalism are reaching across city and county lines to form partnerships that strengthen metropolitan economies and enhance livability.

Investing in central cities is the key to creating competitive metropolitan economies. Metropolitan regions are the growth engines of the economy in this era of heightened global competition and interdependence. America's regional economies can compete effectively only if they are supported by cities that have a strong foundation. In an era of high mobility, low transportation and information costs, and fierce global competition, a metropolitan region without a healthy urban core finds itself at a severe competitive disadvantage. In a global economy, firms choose among regions—and the health of the central city is a key factor in deciding which region is best. Even firms that choose to relocate to the suburbs will choose areas surrounding a vibrant central city.

The recent U.S. Conference of Mayors survey dramatizes this new willingness to cooperate. More than 96 percent of officials from both central city and suburban jurisdictions (cities and counties) agreed or strongly agreed that "the long-term health and vitality of our region depends on greater cooperation among cities and suburbs," and more than 95 percent of both groups of officials agreed or strongly agreed that "my city's/county's long-term interests are tied to the future of the surrounding region." Likewise, more than 96 percent of both groups of officials agreed or strongly agreed that "there should be more urban/ suburban and central city/county cooperation," and

Metropolitan Communities Unite on Growth Strategies

Across the country, there is growing support for local and State efforts to control sprawl and sensibly manage growth. In some communities, regional leaders have joined together to forge strategies and implement metropolitan approaches.

Detroit/Wayne County, MI. *Leaders from Detroit united with their counterparts in surrounding Wayne County to create the Detroit/Wayne County Sustainable Development Roundtable. The group plans to redevelop brownfields and implement other economic development initiatives. Broad collaboration among city, county, and State officials, as well as the private sector, has generated several major redevelopment projects that might not otherwise have been possible.*

St. Louis, MO. *The East-West Gateway Coordinating Council—the planning body for the St. Louis metropolitan area—is engaged in a variety of regional efforts to address the economic, social, and environmental issues facing the region. A major concern is the mismatch between where unemployed workers in the central city live and where jobs are proliferating in the metro area. The Council launched the St. Louis Regional Jobs Initiative to try to address these imbalances and better align the region's workforce development, economic development, transportation, and social service programs to help low-income jobseekers. The initiative provides funding and support for community-based initiatives that help the workers, especially young people, find meaningful jobs that can support a family. The council also coordinates the local HUD-funded* ***Bridges to Work*** *demonstration, which is testing the effectiveness of jobs initiatives that coordinate placement, transportation, and career-building services that connect inner-city neighborhoods to job-rich suburbs.*

Chicago, IL. *The city has an array of regional initiatives. The Metropolitan Mayors Caucus brings together representatives from more than 250 municipalities in the 6-county Chicago region to explore common approaches. In addition, the Chicago Metropolitan Planning Council, a private business and civic organization, has started a Campaign for Sensible Growth to promote more compact suburban development. Business leaders have also been involved in growth issues through the city's Commercial Club, which recently produced a Metropolis 2020 report to help guide future regional growth.*

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more than 91 percent of officials in both groups agreed or strongly agreed that "the problems of cities and suburbs are closely interrelated in our region." More than 81 percent of both groups of officials agreed or strongly agreed that "the competitiveness of our region is directly tied to the economic strength of our urban core."

> "Every new classroom costs $90,000. Every mile of new sewer line costs roughly $200,000. And every single-lane mile of new road costs at least $4 million."
>
> ***—Parris Glendening, Governor of Maryland, which adopted a Smart Growth program in 1997[28]***

The officials surveyed also agreed on the appropriate roles for different players in bringing about this regional cooperation. More than 95 percent of both groups of officials agreed or strongly agreed that "business leadership is important to building more city/suburb cooperation in our region"; more than 87 percent of both groups agreed or strongly agreed that "the Federal Government should encourage and create incentives for city/suburb and central city/county cooperation"; and more than 84 percent agreed or strongly agreed that "nonprofit organizations, including faith- and community-based groups, are important to building more cooperation between cities and suburbs in our region."

Central city and suburban officials also generally agreed on the types of policies that would help to promote cooperation on the new common agenda. For example, more than 93 percent of officials in both areas agreed that "we support policies that encourage the redevelopment of core cities in our region." More than 93 percent agreed that "expanding housing and homeownership opportunities in the urban core of our region would benefit the entire region," and 98 percent in both areas agreed that "it is a prudent strategy for the Nation to redevelop urban brownfields as an alternative to developing previously undeveloped greenfields."

More than 90 percent of both central city and suburban officials agreed that "we need to expand and improve public transit in our region to help reduce congestion and fight the negative effects of sprawl," and more than 87 percent agreed that "sprawling patterns of development are a significant national challenge." Finally, more than 84 percent of officials from both areas agreed that, "compared to 5 years ago, we are working more closely with neighboring jurisdictions on metropolitan growth issues," and virtually all—97 percent from both areas—said that they believed that the major challenges facing their own cities are regional challenges, encompassing surrounding communities as well as their own jurisdiction.

Indiana City Works With Neighborhood To Redevelop Industrial Base

East Chicago, IN, *is working to create jobs by redeveloping a blighted area in its Brickyard neighborhood, originally built in the 1920s around a brick factory. The city determined that the best use for the properties was as industrial space—but that meant Brickyard homeowners would have to move. The Department of Redevelopment held community meetings to solicit neighborhood input. The city agreed to give each Brickyard homeowner a general idea of what his or her property was worth before redevelopment started. The city also agreed to allow the resident group to select the appraisers who would be used to determine property values. Such good-faith efforts resulted in a greater trust by the residents and turned a skeptical community into a willing participant. About 40 land parcels in the Brickyard Redevelopment District were acquired. Redevelopment is underway for a $5 million treatment laboratory and a warehouse facility. More than 30 households were assisted with relocation elsewhere in the community.*

Central cities have untapped markets—for labor as well as retail and land development—that can help the Nation continue its economic growth and can serve as an alternative to the uncontrolled growth that strains suburban communities. A decade ago, Wall Street investors eagerly looked to emerging markets overseas to generate high returns on their capital. Today, America's own central cities are the emerging markets of the 21st century. These new domestic markets and their available laborforce are right here, with developable land close to supply lines. Successful urban firms recognize and tap into these competitive assets.

However, for the most part, these markets are yet undiscovered territory for many businesses. "The largest pools of untapped investment opportunities and new customers are not beyond our shores," President Clinton declared earlier this year. "They're in our backyard." Investing in the untapped markets of central cities and implementing regional solutions at the local level to address regional problems are essential to creating competitive metro engines and livable communities for the 21st century.

Central cities have a pool of more than 4 million working men and women who are available to continue the expansion of our economy without reigniting inflation. Some economists are becoming concerned that labor shortages could curtail the Nation's record peacetime expansion by fueling inflation as demand for labor collides with a limited labor supply and forces wages up. Fortunately, urban areas have the untapped labor pools needed to continue our economic growth. More than 2.3 million of these workers are unemployed but actively seeking work. Another 550,000 have stopped looking for jobs because they are discouraged or because problems with daycare, transportation, or skill levels prevent them from taking jobs. In addition, there are an estimated 1.5 million workers not in permanent jobs and therefore marginally attached to the labor force.[29]

Central cities offer large untapped consumer markets that represent new profit opportunities for businesses. Inner cities have enormous purchasing power, but many urban neighborhoods are "under-retailed." Residents shop in the suburbs where the selections are wider and the bargains are better. The retail purchasing power of all central city residents has been conservatively estimated at $665 billion. Even households in the most economically distressed urban neighborhoods have $85 billion in buying power—more than the total purchasing power of Mexico.

Central cities and older suburbs have a significant supply of land that is well-served by infrastructure, strategically located, and available for new development. There are 5 million acres of abandoned industrial sites in our Nation's cities—roughly the same amount of land occupied by 60 of our largest cities. If these sites were filled with residential neighborhoods, they could house nearly 45 million people. Alternatively, they could accommodate hundreds of millions of square feet of new stores, businesses, offices, and other commercial and industrial establishments. While many of the developable sites are brownfields, cities, States, and the Federal Government are pursuing innovative strategies to clean up these sites, thereby leveling the playing field so that cities can absorb more growth and curtail suburban sprawl.

> "Land in the United States is being consumed at triple the rate of household formation; automobile use is growing twice as fast as the population."
>
> **The Cost of Sprawl—Revisited, *page 4*[30]**

The U.S. Conference of Mayors' survey of city and county officials underscores the significance of the untapped labor, retail, and land markets in the central cities. For example, 92 percent of central city officials agreed or strongly agreed that "my city has neighborhoods that have significant untapped economic potential." Eighty percent of central city officials agreed or strongly agreed that "my city has a significant available workforce of unemployed or underemployed persons;" 82 percent agreed or strongly agreed that "my city is home to many consumers who would make more retail purchases in their communities if there were more retail outlets near their homes;" and 88 percent agreed or strongly agreed that "my city has available land for new or expanded retail or other commercial development."

The message from this survey could not be more clear: Central city leaders strongly agree that they have untapped labor, retail, and land markets that can fuel continued growth, while suburban leaders are concerned about the strains of rapid, unplanned growth.

As urban conditions improve, cities' enormous assets—infrastructure, public transit, strategic location, cultural amenities, colleges and universities, available labor force, retail markets, and developable land—are ready to be put to work. These untapped urban markets can provide a significant source of national economic and social growth in the next century.

Part Two: The 21st Century Agenda for Cities and Suburbs

The 21st Century Agenda for Cities and Suburbs is designed to capitalize on today's favorable conditions for tapping new markets, to anchor the positive trends in central cities, and to help cities and suburbs address their remaining challenges. The Agenda seeks to capitalize on what we have learned over the past 6 years to be the most effective approaches to revitalizing cities and spurring meaningful city/suburb collaboration. The Agenda builds on the successful efforts of President Clinton and Vice President Gore—working with Congress—to help local leaders find solutions that work.

- **Public-private partnerships.** The right mix of public incentives, combined with the willingness of the private sector to invest in untapped markets, is highly effective as a recipe for revitalizing distressed communities. The 21st Century Agenda for Cities and Suburbs uses targeted public incentives to encourage more partnerships among the public, private, and nonprofit sectors and to attract more private sector investment in central city businesses and redevelopment projects.

- **Comprehensive approaches.** In the past, well-meaning programs often took a single, narrow view of urban problems. We have learned that the most effective initiatives tackle distress in a much more comprehensive and integrated manner by addressing economic, environmental, social, and safety problems as related problems instead of as separate issues. In recognition of this, the initiatives in the Agenda span multiple Federal agencies and departments.

- **Local and bottom-up strategies.** States and localities have been "laboratories of democracy." Today's successful revitalization initiatives operate on a smaller scale than did the larger Federal programs of the past. They focus on the neighborhood level and are much more local and more personal. The Agenda continues the efforts of the past 6 years to refashion Federal programs to support and encourage the work of community-based organizations and local governments and to facilitate the expansion of those programs that have worked best.

- **Individual empowerment and financial self-sufficiency.** The Administration's Empowerment Strategy is grounded in a philosophy of rewarding work and ensuring that all people have an opportunity to improve their economic situations. There is also a growing understanding that an effective anti-poverty strategy must incorporate initiatives to help people build assets and equity through homeownership, savings programs, innovative "development" accounts, and microenterprise development.

- **A strong and capable HUD.** Urban communities benefit from having a strong and reinvented HUD as their partner. The FY2000 budget underscores HUD's renewed strength—through Secretary Andrew Cuomo's Management 2020 reinvention efforts—in offering a comprehensive menu of integrated, flexible, decentralized Federal support. Reinvented and powered by a national workforce composed of Community Builders and the new Public Trust Officers, HUD's role is not to dictate but to act as a facilitator and ensure that cities have the resources needed to create jobs, promote affordable housing, fight crime, and create healthier, more livable communities for all citizens.

The 21st Century Agenda for Cities and Suburbs is composed of four parts:

- **Opening Doors to New Markets.** The Administration's **New Markets Initiative (NMI)** is designed to ensure that communities can access the risk capital and technical expertise they need to take advantage of their untapped markets for labor, retail, and land. The Agenda also continues and expands a range of existing programs that promote successful community development and expand economic opportunity.

- **Investing in America's Working Men and Women.** The Agenda provides tools to ensure that central city residents have the skills needed for today's job market and the means to learn about and access jobs that may be distant from their neighborhoods.

- **Expanding Homeownership and Affordable Rental Housing.** Homeowners can build strong neighborhoods both in cities that are beginning to do better and in those that have been left behind. Providing more assistance for rental housing is equally critical to alleviating the distress of worst case housing needs and homelessness, overcoming the "housing/jobs mismatch" created by metropolitan development patterns, and providing families with the support and stability they need to become part of the new labor markets. The implementation of the landmark Public Housing Reform Act signed by President Clinton in 1998 will transform the provision and funding of affordable housing for low-income families, the elderly, and people with disabilities. Finally, homelessness and housing for the elderly must be addressed in a comprehensive manner.

- **Promoting Smarter Growth and Livable Communities.** To realize the billions in savings that could be generated by strengthening existing developed communities, the Agenda includes a major initiative to promote livable communities. The Agenda also includes measures to ensure public safety, strengthen our schools, and preserve natural resources and historic amenities. By providing communities with strong tools to tackle these challenges, we can help enhance their attractiveness to residents, businesses, and investors.

A. Opening Doors to New Markets

For central city redevelopment and business growth to occur, there must be access to sufficient investment capital: that is, both equity capital and affordable loans. While the groundwork for renewed economic development has been laid over the past 6 years, lack of access to capital is still a problem, forcing central cities to forgo billions of dollars in redevelopment activity that would otherwise occur based on existing market demand for more retail outlets, more affordable housing, more community facilities, and other emerging opportunities.

New Markets Initiative

NMI is a series of measures designed to stimulate $15 billion in new private capital investment in low-income areas with high concentrations of poverty. NMI ensures that opportunities to stimulate job growth as well as neighborhood and economic development of America's untapped new markets will not be lost. NMI will build a new national network of private investment institutions to provide the capital and expertise that businesses and microenterprises need to flourish and grow in distressed communities (central cities and rural areas where 20 percent of the population is below the poverty level or median income is less than 80 percent of the area median family income).

NMI components are:

- **America's Private Investment Companies (APIC).** Jointly administered by HUD and the U.S. Small Business Administration (SBA), APIC will fill a major capital gap by providing equity and debt capital to new and expanding businesses. The program is modeled after other successful programs run by SBA and after successful HUD investment in large-scale development. APIC is a new proposal to encourage major private investment in economically distressed areas. It would fund the creation of private investment companies that will in turn invest in large businesses seeking to expand or locate in inner cities and distressed rural communities. APIC investments in target businesses will typically range between $5 million and $50 million. For FY2000, HUD is requesting $37 million in credit subsidy to cover the cost of providing Federal guarantees on $1 billion in private loans made through APIC. These loans (sold on Wall Street debentures) will leverage an additional $500 million in private equity commitments for new investment partnerships. Under APIC, private investment companies would be competitively selected and licensed. A wide range of projects—from inner-city retail centers to rural factories—would be eligible for investment. APIC will encourage substantial community benefits including quality jobs at good wages.

- **New Markets Tax Credit.** The Administration's FY2000 budget includes a new tax credit to help spur $6 billion in private investment for business growth in low- and moderate-income communities. Qualified investors could claim a tax credit of 6 percent of the amount of equity invested per year for 5 years. The tax credit would be available to those who invest in organizations whose

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primary mission is to develop these communities in partnership with the private sector. Eligible entities would include community development financial institutions, community development corporations, APIC, and Small Business Investment Companies (SBICs) serving low- and moderate-income communities as well as other NMI-funded and licensed entities.

- **SBICs Targeted to New Markets.** Over the past 40 years, SBICs have provided about $20 billion in private equity and debt financing to support the growth and development of 85,000 small businesses. Licensed by SBA, SBICs are private companies with private management and private investors. Equity participation in the businesses they support is typically a significant component of the financial return for SBIC investors. NMI proposes to use this highly successful structure specifically to attract new private investment to low- and moderate-income communities. Various incentives would be adopted to encourage SBICs to invest in small businesses operating in these communities. As part of the initiative, SBICs making these investments will be eligible to issue deferred interest debentures guaranteed by SBA.

- **New Markets Venture Capital Companies (NMVCs).** SBA proposes to fund NMVCs that provide a combination of equity venture capital financing and technical assistance to small businesses in low- and moderate-income areas. The program will build on the work of community development organizations that already have established successful records in venture investing. Such institutions already play a major role in the creation and expansion of businesses in distressed areas, but their efforts have been limited by a lack of adequate funding for both investments and technical assistance. NMVCs must be organized as for-profit entities and raise at least $5 million in investment capital, which SBA will leverage with guaranteed debentures. Interest on the SBA-guaranteed funding will be deferred for the first 5 years. NMVCs must also secure commitments to provide at least $1.5 million in technical assistance funding over 5 years. NMVC venture investments will typically range between $50,000 and $300,000.

- **Community Development Financial Institutions (CDFI) Fund.** CDFIs stimulate investment in and revitalization of low-income communities by providing financial products and services directly to small businesses and individuals. CDFIs include community development banks, credit unions, community development venture capital funds, and microenterprise loan funds. These institutions provide home mortgages for first-time homebuyers, financing for needed community facilities, commercial loans, small business financing, and loans to rehabilitate rental housing. In 1994 President Clinton proposed—and Congress established—the CDFI Fund to ensure these institutions will have the capital they need. The FY2000 budget seeks $125 million for CDFIs, a $30 million increase. Administered by the U.S. Treasury Department, the CDFI Fund provides relatively small infusions of capital that leverage private sector investments from banks, foundations, and other funding sources. Every CDFI that receives financial assistance from the fund must provide at least a one-to-one match with funds from non-Federal sources. Since the creation of CDFI, the Fund has awarded more than $120 million to community development organizations. Through the Bank Enterprise Awards program, the CDFI Fund has provided another $60 million to traditional banks and thrifts to increase their activities in distressed areas.

- **BusinessLINC.** This initiative is a partnership between the Federal Government and America's business community to encourage large businesses to work with small business owners and entrepreneurs, especially in central cities and rural areas. BusinessLINC (which stands for learning, information, networking, and collaboration), is designed to stimulate business-to-business mentoring relationships that will produce individualized technical and business assistance for small firms. The Federal Government helps convene the actors, but businesses—and business interests—drive the train.

- **Microenterprise Lending and Technical Assistance.** Microenterprise programs provide access to capital, financial services, and training to entrepreneurs traditionally bypassed by the mainstream financial sector. Supporting microenterprises has proven to be a powerful tool for empowering people and promoting economic growth. The Administration's FY2000 budget includes a 159-percent increase in support for domestic microenterprise programs with a significant strengthening of the Administration's commitment to training and technical assistance. The President's plan includes $15 million to support the **Program for Investments in Microentrepreneurs (PRIME) Act,** which authorizes the CDFI Fund to establish a microenterprise technical assistance and capacity-building program. The Administration proposes to double support for technical assistance provided under the **SBA Microloan Program**—from $16 million in FY99 to $32 million in FY2000—and to expand direct SBA lending to microenterprises from $3 million in FY99 to $6 million in FY2000. This expanded funding should help leverage more than $75 million in new loans from private sources. To help low-income individuals save for education, buy homes, or start businesses, the Administration proposes to double funding for **Individual Development Accounts (IDAs),** which offer families matching contributions of $1 to $8 for each dollar they save. Last year President Clinton signed legislation authorizing IDA demonstrations. The President's FY2000 budget increases the IDA budget from $10 million in FY99 to $20 million in FY2000. To further encourage microenterprise development, the FY2000 budget will triple funding for **SBA's One-Stop Capital Shops,** from $3.1 million in FY99 to $10 million in FY2000. Located in Empowerment Zones (EZs), the shops provide financial and technical assistance for microenterprise development.

Other key programs that provide support to NMI are HUD's **Community Empowerment Fund** and the **Empowerment Zone and Enterprise Community (EZ/EC) Initiative.**

Community Empowerment Fund (CEF)/CEF Trust. CEF will ensure that local governments have the public capital they need to support critical business investment and job creation projects in distressed communities. The FY2000 budget combines $125 million in Economic Development Initiative grants with an estimated $625 million in Section 108 guaranteed private loans to provide a total of $750 million in grants and low-cost loans in these communities. Under the Section 108 program, HUD guarantees repayment of funds that local governments borrow from private sources against the cities' **Community Development Block Grants (CDBGs)** to enhance the financial viability of economic development projects. The program has enabled local governments to provide billions of dollars in loan commitments for projects that otherwise would not be possible at a very low default rate. CEF's public funds are projected to leverage up to five times the guaranteed loan amount in additional private sector financing. Projects funded through CEF will include loans for business expansion and modernization; startup costs for new, small, and mid-sized businesses; preservation and expansion of existing industrial facilities; and retail and commercial revitalization initiatives.

In FY2000, CEF will emphasize two priorities: ensuring welfare-to-work targeted job creation and connecting central cities to areas of regional economic growth. The **Welfare-to-Work Targeted Job Creation Initiative** will provide up to $75 million in grants for local programs that support initiatives creating private sector jobs for people who have recently left welfare or who will enter the labor force as welfare reform time limits take effect. Communities competing successfully under this targeted job creation program will combine the HUD incentives for business development with local public and private supports for job training, transportation, housing, childcare, and other services as needed. A second CEF component in FY2000, **City/Suburb Business Connections,** will provide up to $25 million for local projects that boost economic partnerships between city and suburban firms in a common metropolitan area. The link might include joint ventures and first-source agreements among suburban firms and suppliers. In this manner CEF could help local public and private sector leaders create vibrant clusters that include firms in inner cities as well as in more affluent parts of the metro economy. Closer city/suburb relationships are also vital to addressing tight labor markets outside of cities and linking urban residents to expanding job markets.

The CEF Trust, an innovative pilot program, is designed to pool loans and standardize underwriting standards, enabling a fully private secondary market for economic development loans to emerge. The lack of secondary market instruments that help define America's distinctive housing finance system traps billions of dollars in capital that could otherwise be used to expand private investments in distressed communities. The CEF Trust will be operated on a pilot basis this year with previously appropriated FY98 funds. The Administration would provide an additional $25 million in FY2000.

Empowerment Zone and Enterprise Community (EZ/EC) Initiative. Launched and spearheaded by Vice President Gore, this initiative is the foundation of the Administration's empowerment agenda for communities with high unemployment and poverty rates. The EZ/EC Initiative couples business capital investment with targeted social investment to trigger comprehensive community revitalization. It exemplifies the power of comprehensive approaches carried out by locally driven public/private partnerships, not top-down mandates. Under this program, adopted in 1994, investment in targeted communities is promoted in many ways including tax incentives, flexible block grants, and regulatory waivers. EZ/ECs are also eligible for flexible block grants for housing, job training, daycare, and other purposes. The FY2000 budget proposes guaranteed funding for 10 years for a total commitment of $1.6 billion for urban and rural EZ/ECs.

The FY2000 budget will also expand funding for programs that complement the EZ/EC Initiative and capitalize on the energy sparked through the EZ/EC competitions. To enhance the capacity of EZ/ECs to realize the goals of their strategic plans, HUD would provide $10 million in technical assistance to the existing urban EZ/ECs. Selected communities that applied to become EZ/ECs but were not chosen through the competitive process would be designated as Strategic Planning Communities and have access to $45 million to implement strategic development plans. Another set of communities would be eligible for a share of $10 million that could be used to make a project work or a local goal achievable. Finally, the Administration is requesting $50 million in FY2000 for a **Regional Empowerment Zone Initiative,** which will award competitive grants to help EZ/ECs link their economic development strategies with the broader economies of the surrounding metropolitan regions. Special emphasis will be placed on expanding the strategies to include regional employers and job markets, with priority to applicants with well-defined plans to increase employment among EZ/EC youth.

Public-Private Partnerships Boost City Economic Development

*A growing number of cities now rely on creative public-private partnerships to promote economic development. Unlike earlier urban renewal programs, today's city revitalization initiatives use small but strategic infusions of public dollars to leverage major private sector investment. **Lowell, MA,** has created a loan fund for large and difficult real estate projects that otherwise could not go forward. Using **HUD's Section 108** program and other tools, the city leverages significant private funding and—through partnerships—enables private developers to take over the properties at more favorable financing rates. The city works in close partnership with the Lowell Development and Financial Corporation, a nonprofit that has financed projects totaling more than $100 million in development since 1975. The new initiative has leveraged more than $100 million so far in private investment in local economic development and has created or retained more than 3,500 jobs in the city. The program is part of a major city revitalization that is transforming Lowell. A sign of success came in 1998 when the first new downtown office building in more than three decades opened in the city.*

In addition to the NMI, the Agenda continues and expands two key economic development programs that are already helping to remake the face of distressed communities across the Nation.

Community Development Block Grants (CDBGs). The CDBG program is the Federal Government's most flexible tool for assisting cities, towns, and States to meet local community development priorities and objectives. With its multifaceted eligible uses, the block grant program is routinely used to rehabilitate housing, improve infrastructure, provide job training, and finance revolving loan funds and other community-determined projects. The FY2000 budget will increase funding for this linchpin program to $4.775 billion, an increase of $25 million over 1999 enacted levels.

Brownfields Redevelopment. Brownfields are former industrial and commercial properties where reuse is complicated by real or perceived contamination.

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Brownfields Redevelopment Taps Urban Markets

Communities from Baltimore, MD to Seattle, WA are using strategic Federal support for brownfields redevelopment to leverage far wider private sector investment in central city revitalization projects on formerly contaminated sites.

Louisville, KY. *Among this community's highest priorities in the mid-1990s was revitalization of the Parkland neighborhood, which needed a grocery store along with other redevelopment projects. The city used HUD funding to remove contaminants from a designated Parkland site, where a dry-cleaning store had once been located and dry-cleaning fluids had been dumped into the ground. The SuperValue grocery store opened in 1996 and has created jobs for many people from the neighborhood. Now the redevelopment is stimulating other commercial and residential activities in Parkland. The Parkland effort helped Louisville secure a grant from the EPA to undertake other brownfields efforts.*

Bangor, ME. *To promote job creation, this city rescued a long-vacant brownfield created by a coal-gas utility. The city used $650,000 from HUD to acquire and clear the Gas Works property, clean up the contaminated soil, and provide partial tax increment financing for the development. Boulos Company, a private developer, spent $6 million to buy the site and build a new shopping center, including a supermarket, a bank, and a pharmacy. Shaw's Supermarkets provided an additional $1.6 million in funding. The new businesses have created 200 jobs. The neighborhood has a new sense of pride, and new commercial and residential investment has been triggered.*

An estimated 450,000 brownfields exist across the country, many in urban areas. Brownfields redevelopment is critical to economic development and community revitalization and offers a large untapped resource for land development within already established communities. A recent survey on brownfields in 223 American cities by the U.S. Conference of Mayors estimated that these communities had more than 178,000 acres of brownfields. If redeveloped, these brownfields could bring in additional tax revenues of $955 million to $2.7 billion and create more than 675,000 jobs.

The Administration's **Brownfields National Partnership,** announced in May 1997, brings together the resources of more than 20 Federal agencies to address brownfields cleanup and redevelopment issues. As part of the Partnership, HUD provides grants in conjunction with Section 108 loan guarantees to redevelop moderately contaminated industrial or commercial sites. The Administration's FY2000 budget proposes to double HUD's funding for brownfields redevelopment from $25 million to $50 million per year for the next 3 years. Other key components of the Clinton-Gore brownfields program include U.S. Environmental Protection Agency (EPA) funding for assessment, clean-up, and job training. Last year EPA received $91 million to make grants to approximately 100 communities for site assessment and redevelopment planning as well as for capitalizing revolving loan funds to finance cleanup efforts. These grants were awarded to 250 communities. The FY2000 budget proposes $91 million for EPA.

Another key incentive is the brownfields tax incentive, enacted as part of the Taxpayer Relief Act of 1997. It is projected to leverage another $4 billion in private investment in brownfields cleanup by allowing businesses to deduct certain cleanup costs for environmentally contaminated land.

B. Investing in America's Working Men and Women

A century ago, as the economy shifted from agriculture to manufacturing, the ways in which Americans lived and worked changed dramatically. Today, the economy has shifted again in many communities, this time from manufacturing to information and technology. These changes have been the engine of today's prosperity, but Americans who have not had access to education and training to prepare for this new economy risk being left behind.

Education and training have been the cornerstone of the Administration's efforts over the past 6 years to ensure that all Americans have the tools they need for the 21st century. Such initiatives are vital for tapping the labor force in cities and ensuring that urban workers can perform well in the expanding job market.

Expanded education and training initiatives, however, are only part of the equation. Empowering the workforce also requires building on our Nation's highly successful track record with welfare-to-work initiatives and with providing more affordable childcare to help families balance the demands of work and family. Increasing efforts to strengthen urban schools is also critical for preparing our future workforce and for helping cities attract and keep middle- and upper-income residents.

Preparing America's Men and Women To Succeed in the Workforce

Last year President Clinton launched the USA JOBS Network,[31] transforming the job training system by streamlining services and empowering workers to use a simple skills grant to choose the training they need. However, more work needs to be done. On average, employers report that one out of every five manufacturing workers is not fully proficient, and 88 percent of companies are having trouble finding qualified applicants for at least one job function. The FY2000 budget proposes a $965 million, three-part initiative to help close America's skill gaps that focuses on adult education, universal re-employment services, and youth initiatives.

Adult Education and Family Literacy. Today, 44 million adults struggle with job applications, cannot read to their children, or cannot fully participate in our Nation's economic and civic life because they lack basic skills or English proficiency. The goal of the **Adult Literacy** initiative is to improve the quality of adult basic education programs and help States both meet the new quality goals and serve more people. The FY2000 budget calls for a $190 million increase in spending on adult education and family literacy to support five major components:

- **Adult Education State Grants** will be increased by $95 million to $468 million to boost the number of full-time adult education teachers and instructional hours per student, make more computer stations available at adult education centers, and provide more childcare and counseling services.
- Because we have absorbed record numbers of immigrants, the **English Literacy/Civics Initiative** will receive $70 million in the FY2000 budget to provide immigrants and individuals with limited English proficiency with expanded access to high-quality English language instruction linked to practical instruction in civics and how to navigate the workplace, the public education system, and other key institutions in American life.
- **America Learns Technology** will receive $23 million in the FY2000 budget to promote more effective use of technology in adult education.
- Other tools for adult education include the **High Skills Communities Campaign**—which would be funded in the FY2000 budget at $2 million—to mobilize States and local communities to implement strategies to promote adult education and lifelong learning.
- Under the **Workplace Education Tax Credit,** employers that provide certain workplace literacy, English language instruction, and basic education programs will be allowed a 10-percent income tax credit for eligible educational expenses, with a maximum credit of $525 per participating employee per year.

Universal Re-employment Initiative. Very few Americans today work at the same job throughout their careers. Because our workforce is so dynamic and careers so fluid, retraining is critical. The FY2000 budget will increase funds for re-employment training and placement by $368 million. The budget makes a commitment to our Nation's reformed job training system to ensure that within 5 years, all displaced workers will receive the job training and re-employment services they want and need. Since 1993, dislocated worker funding has been expanded by 171 percent. This initiative includes three major components:

- The **Dislocated Worker Program** would be increased by $190 million to enable it to serve 169,400 additional workers.
- The **Employment Service** will be put on a path that will enable it to serve 1.4 million displaced workers within 5 years.
- **One-Stop Career Centers** would also be expanded. Last year, Congress and the Administration ensured that One-Stop Career Centers would be

available in every part of the country. The FY2000 budget provides $65 million to give unemployed people re-employment services the moment they apply for unemployment insurance and to create a nationwide toll-free telephone system for workers to find out what services are available and where they can receive them. The One-Stop Career Centers initiative will ensure that job search information is available at 4,000 locally based organizations, create 100 new mobile centers for rural areas, and include special services to help people with disabilities.

Youth Employment. Dealing with the problems of at-risk youth is one of our Nation's most important challenges. In December 1998 the national unemployment rate was 4.3 percent, its lowest peacetime level in 41 years. The jobless rate among African-American teens (age 16 to 19) also reached its lowest peacetime level in four decades. However, it was still more than six times higher than the national average and much higher than the rate for White youth. The **Youth Employment Initiative** funds promising approaches to increasing the educational attainment and employment rates of disadvantaged youth. The FY2000 budget proposes a $405 million increase for youth employment.

- As part of this initiative, the Administration proposes an increase in funding for the **Job Corps** and another $250 million investment in **Youth Opportunity Areas,** which are competitive grants to low-income and high-poverty areas that will fund a wide range of education and employment services for out-of-school youth residing in those areas.

- The FY2000 budget also expands HUD's popular **Youthbuild** initiative, which promotes on-the-job experience combined with academic assistance for school dropouts. Funding for Youthbuild will increase by more than 75 percent, enabling this initiative to offer $75 million in funding to provide disadvantaged young adults the opportunity for both an education and employment skills as they rehabilitate and build housing in their communities for low-income and homeless people.

- The FY2000 budget proposes a new $100 million **Right-Track Partnerships** initiative to promote innovative partnerships among schools, employers, and community-based organizations to reduce high school dropout rates, improve high school achievement, and enhance postsecondary education and career opportunities among economically disadvantaged and limited-English-proficient youth.

Other initiatives would be targeted to help disadvantaged young people get ready for college.

- The FY2000 budget doubles funding to **GEAR-UP for College** (from $120 million to $240 million), to enhance partnerships between high-poverty middle or junior high schools and colleges to help low-income youth prepare for and enroll in college. In 2000, GEAR-UP will reach 381,000 students.

- The FY2000 budget proposes a $30 million increase in other Federal initiatives (including **Upward Bound**) to fund outreach, counseling, and educational support to help disadvantaged students prepare for academic success in college.

- A new $35 million initiative is also proposed to help **disadvantaged students stay in college** and earn diplomas.

Helping Families Move From Welfare to Work

Millions of welfare recipients have already made the transition from welfare rolls to payrolls and the percentage of the U.S. population on welfare is at its lowest since 1969. Nevertheless, important challenges remain. Although most new jobs are being created in the suburbs, one-half of all households that receive public assistance income are located in cities.[32] This means that efforts to develop additional job opportunities in the cities must be accompanied by strategies to connect city welfare recipients to the jobs located throughout the metropolitan economy. Existing mass transit often does not provide adequate links to many suburban jobs, at least not within a reasonable commute time. In addition, many jobs require evening or weekend hours that are poorly covered by the existing transit routes.

To address this gap, for the second year in a row, the Clinton-Gore Administration requests new HUD **Welfare-to-Work Housing Vouchers** to help families make the transition from welfare to work. The FY2000 budget seeks $144 million to fund 25,000 vouchers in addition to the renewal of

50,000 vouchers enacted by Congress in 1999. Welfare-to-work vouchers are especially valuable when job opportunities in a region are located some distance from where welfare recipients live.

The housing vouchers complement the Administration's **Job Access and Reverse Commute Program** transportation initiative to help welfare recipients and other low-income workers get to work. The Administration's budget doubles funding for these competitive grants, providing $150 million in FY2000. Administered by the U.S. Department of Transportation (DOT), the program provides competitive grants to assist States and localities with developing flexible transportation alternatives such as van services for welfare recipients and other low-income workers.

To help families in the poorest neighborhoods and those with the greatest challenges move successfully from welfare to work, the Administration's budget proposes $1 billion to reauthorize the **Welfare-to-Work** program. This initiative will continue to help welfare recipients and low-income fathers get and keep jobs. Funds target those individuals and communities that need the most help, providing services to the hardest to employ and distributing funds based on concentrations of poverty, welfare dependency, and unemployment. These funds help long-term welfare recipients with low basic skills, substance abuse problems, and poor work histories move into lasting unsubsidized jobs and provide tools to help them succeed in the workforce. The proposal would also assist in ensuring that both parents contribute to the support of their children by providing that at least 20 percent of formula funds be used to increase the employment of low-income noncustodial fathers so they can pay more child support.

Providing Supportive Services

Providing support services—particularly assistance with childcare and transportation to work—has proven to be a highly effective strategy for helping people enter the job market, build careers, and achieve economic self-sufficiency.

Affordable Childcare. Childcare remains a significant barrier to tapping city labor pools. Nationwide, only about 10 percent of the families that qualify for Federal childcare assistance receive help. Many cities have tens of thousands of families on waiting lists for childcare assistance. To help urban families balance the demands of work and family, the FY2000 budget proposes a significant new investment in strengthening childcare—making it better, safer, and more affordable.

The FY2000 budget expands the **Childcare and Development Block Grant**, the primary Federal subsidy program to pay for childcare. Funds are distributed by formula to the States to operate direct childcare subsidy programs and to improve the quality of care. In FY97 States provided childcare assistance to only 1.25 million of the 10 million low-income

Cities Pioneer Initiatives To Help Youth

St. Louis Youthbuild. *Every year, many thousands of disadvantaged youth drop out of high school and start down a road that too often leads to poverty, dependence, and crime. Youthbuild helps dropouts age 16 to 24 choose a better path. It provides the opportunity for young people to gain marketable construction skills and simultaneously strengthen their academic credentials. Youthbuild participants earn income while working at the construction sites and contribute to their community by helping to build and rehabilitate affordable housing. St. Louis, MO, is among other cities with an active Youthbuild program. There, 110 out of 128 Youthbuild graduates have been placed in jobs at salaries that range from $7 to $12 per hour. Many have gone on to college, and 73 percent have earned their GED or received a high school diploma.*

Albany, NY. *In 1996 this city created* ***Kid Improvement Districts (KIDs)*** *to forge a better future for Albany's inner-city youth. A multifaceted program, KIDs features sports activities, job creation, crime and drug prevention, life-skills training, and urban land reclamation. Public housing residents receive job training and serve as program volunteers. As part of the initiative, the city restored a nature preserve that is now a scientific nature learning center. Hospitals have been enlisted to provide free clinics within schools in the target neighborhoods. Dozens of community mentors also participate in the program. Rather than working separately, local organizations, volunteers, schools, and city departments are now united in efforts to improve living conditions in Albany's neighborhoods.*

children eligible for assistance. The FY2000 budget will increase funding for childcare subsidies by $1.2 billion to provide additional childcare subsidies to hundreds of thousands more families.

The **Child and Dependent Care Tax Credit** provides tax relief to taxpayers who, in order to work, must pay for the care of a child under age 13 or a disabled dependent or spouse. The FY2000 budget proposes to increase the credit for families earning less than $60,000, providing an additional average tax cut of $345 for these families and eliminating income tax liability for almost all families with incomes below $35,000 (for a family of four) that claim the maximum allowable childcare expenses. The FY2000 budget also proposes to create an **Early Learning Fund** to promote early learning and school readiness by—among other steps—improving the quality and safety of childcare for very young children.

A large body of research shows that children's experiences in their earliest years are critical to their development and the ability to reach school ready to learn. One of the Clinton-Gore Administration's highest priorities is to expand **Head Start,** America's premier early childhood development program. Head Start supports working families by helping parents get involved in their children's educational lives and by providing services to the entire community. The FY2000 budget provides $5.267 billion—a $607 million increase over FY99 levels—for Head Start. This increase will enable the program to serve 42,000 additional children in 2000, bringing the total served to 877,000. This keeps Head Start on track to reach the Administration's goal of serving 1 million children by 2002. Since 1993 the Administration has worked with Congress to increase annual Head Start funding by 68 percent. The FY2000 budget also proposes to increase the Early Learning Fund block grant to improve early learning and the quality and safety of childcare for very young children.

C. Expanding Homeownership and Affordable Rental Housing

Homeownership rates have never been higher in America than today, and that includes in our urban areas where homeownership exceeds 50 percent for the first time. Nonetheless, homeownership rates in the suburbs are 70 percent. Central city residents at all income levels are less likely to own a home than suburban residents with similar incomes. Because homeownership is a vital component of stable and more livable communities, initiatives to promote homeownership must remain a vital component of any national strategy to facilitate growth in already-developed areas and make cities attractive to new residents, businesses, and investment.

While our homeownership record is improving, shortages of affordable rental housing are worsening. An estimated 5.3 million households have worst case housing needs (worst case needs most often being where more than half a family's income goes to rent). The U.S. Conference of Mayors reports that in 1998, requests for housing assistance by low-income families rose in 25 of the 30 major cities surveyed. Housing assistance can help working families live near jobs and transportation. It also can relieve distress rents so that families have more disposable income to purchase goods and services, save for college, start a business, or accumulate a downpayment on a home.

Finally, we must continue affordable housing programs that address the needs of the most vulnerable Americans. The Agenda would build on the Continuum-of-Care programs that are showing results in helping people move to permanent housing. The Agenda would also expand housing assistance programs for our rapidly expanding population of senior citizens.

Boosting Opportunities for Homeownership

Raising Federal Housing Administration (FHA) Volume Caps. Since 1934 FHA has made homeownership possible for nearly 25 million families by insuring the mortgages issued by private lenders. FHA loans are particularly important to first-time and minority homebuyers (80 percent of FHA loans last year went to first-time homebuyers.) FHA insures more than 40 percent of all mortgages to African-American and Hispanic homebuyers.

In 1999 the Administration succeeded in raising the limit on the mortgage amount that FHA can insure to enable more families to purchase their first homes, especially in areas with high housing prices. The Administration is now asking Congress to permit FHA to raise its annual cap on the total volume of home mortgages it can insure to accommodate growing homebuyer demand. Congress approved a midyear increase in FY99 to $140 billion; this will allow FHA to insure approximately 250,000 additional mortgages this year. FHA loan originations will reach a record-high in FY99 and the Administration will be requesting similar levels over the next 2 years to ensure that sufficient resources are available to support increased business due to rising demand. If Congress approves, the annual cap will be increased to $140 billion in each of the next 2 years. This will allow FHA to insure about 500,000 more mortgages than if the cap remained at the previous level (during the 2-year period).

The government-sponsored housing finance institutions—**Fannie Mae** and **Freddie Mac**—play a role in increasing homeownership in cities. Carrying out regulatory responsibilities created by Congress, HUD establishes affordable housing goals governing Fannie Mae's and Freddie Mac's purchases of mortgages for lower income families and underserved neighborhoods.

Homeownership Zones. The FY2000 budget requests $25 million as a set-aside in the CDBG program to fund large-scale homeownership projects in targeted areas. Funds will be awarded competitively to communities that have large numbers of housing units needing rehabilitation and that have made homeownership part of a holistic strategy for community revitalization. The FY2000 request will support five to seven Homeownership Zones based on an average grant of $3 million to $5 million. In 1997 HUD funded just 6 of the 70 zone applications received.

Homeownership Vouchers. HUD has just published regulations that will enable qualifying families to use Section 8 vouchers to become first-time homebuyers rather than remaining renters. By moving hardworking families up the ladder to homeownership, homeownership vouchers will be an important resource for strengthening neighborhoods in inner cities and older suburban areas. The vouchers are also a new tool for building family assets.

National Partners in Homeownership. This unprecedented public-private partnership is working to increase homeownership opportunity in America. The partnership consists of 66 members representing lenders; real estate professionals; home builders; nonprofit housing providers; and Federal, State, and local

In Metro Seattle, A Regional Coalition for Housing

Communities in the Seattle metro area have joined forces to launch a unique regional approach to affordable housing. Participating in A Regional Coalition for Housing (ARCH) are ***King County*** *and the cities of* ***Bellevue, Kirkland, Redmond, Issaquah, Mercer Island, Newcastle, Woodinville,*** *and* ***Bothell.*** *This partnership is working to increase the supply of affordable housing on the east side of metropolitan Seattle.*

ARCH coordinates the distribution of local public resources through a housing trust fund—the first regional housing trust fund in the country. This allows participating cities, including communities that had never before developed affordable housing, to take a more proactive approach. During the past 6 years, member communities have built more than 1,500 homes. The trust fund includes ***HUD's Community Development Block Grant*** *dollars, which leverage additional public and private investment such as local funds. Some communities have also donated land for the housing and ARCH has provided technical assistance.*

"Each member community recognizes the value in forming a coalition, pooling financial resources, and coordinating planning efforts," said Redmond ***Mayor Rosemarie M. Ives.*** *"ARCH has proven that even in east King County, affordable housing can happen if everyone works together."*

Although the King County area is considered affluent, about one-fourth of local households consist of service workers such as hotel employees and data entry operators with incomes in the range of $25,000 to $40,000. These families can afford to buy homes in the $100,000 range, but prior to ARCH the average price of homes in the area was two to three times that amount.

ARCH's success is attracting national attention. This year it won the prestigious ***HUD Secretary's Award for Opportunity and Empowerment,*** *a national award of the American Planning Association.*

governments. HUD Secretary Andrew Cuomo leads the partnership, whose goal is to achieve a homeownership rate of 67.5 percent of all American households by the end of 2000, creating up to 8 million new homeowners since 1995. To date, more than 150 local partnerships have joined the National Partners in Homeownership.

Partnership for Advancing Technology in Housing (PATH). The PATH initiative, a public-private partnership announced last year by the President, will further increase homeownership by making high-quality housing more affordable. Working with the Nation's leading builders, home manufacturers, product suppliers, architects, and insurers, PATH aims to improve the quality, cost, durability, safety, and disaster resistance of the next generation of American housing. PATH will do this by speeding the identification and adoption of building technologies by the industry. In FY2000, the Administration is again requesting $10 million for this multiyear program.

Building Homes in America's Cities. Earlier this year, Vice President Gore announced an agreement among HUD, the National Association of Home Builders, and the U.S. Conference of Mayors to build 1 million homes in urban areas over the next 10 years.

Expanding Affordable Rental Housing

100,000 Voucher Section 8 Rental Assistance for Needy Families. More than 3 million families depend on the annual renewal of Section 8 rental assistance, through either contracts with private landlords or vouchers and certificates provided directly to tenants. The Administration has steadfastly maintained a policy that all contracts will be renewed every year. In FY2000, HUD will require $10.6 billion in new budget authority to renew existing contracts covering 2.4 million rental units. In addition, last year the Department began a comprehensive reform of the administration of Section 8 project-based contracts. This initiative will ensure more effective oversight of the program.

The FY2000 budget also requests $580 million in increased funding for 100,000 new Section 8 vouchers to help address the substantial housing need that remains and enable families and individuals to choose housing locations near jobs, families, and support systems. A number of these vouchers have designated purposes including extremely-low-income frail elderly (15,000), homeless (18,000), and welfare-to-work (25,000). The remaining 42,000 vouchers will be distributed to housing authorities to help the many families on lengthy Section 8 waiting lists throughout the country.

Low-Income Housing Tax Credit (LIHTC). Since its enactment in 1986, LIHTC has allocated Federal tax credits to States for award to private and nonprofit developers of affordable housing. LIHTC can be a particularly important tool for building affordable housing in areas of job growth. The initiative has supported the construction of approximately 1 million rental units for low-income families. Even though building costs have increased 40 percent in the past decade, the amount of the credit has never been adjusted for inflation. The FY2000 budget proposes to increase the LIHTC cap from $1.25 per capita to $1.75 per capita, restoring the value of the credit to its 1986 level. LIHTC currently helps build an estimated 75,000 to 90,000 affordable housing units each year. Increasing the cap by 40 percent will create an additional 150,000 to 180,000 new rental housing units over the next 5 years at a cost of $1.7 billion.

HOME Investment Partnership Program (HOME). One of the Nation's most successful housing rehabilitation and production programs, HOME can help overcome the geographic mismatch between jobs and affordable housing. HOME works through local governments to finance the construction and rehabilitation of multifamily rental housing, improve substandard housing for current owners, provide tenant-based rental housing assistance, and assist new homebuyers through acquisition, construction, and rehabilitation. HOME has been an important tool in enhancing the capability and experience of nonprofit organizations and other affordable housing producers. The FY2000 budget requests $1.61 billion for HOME—an increase of $10 million over the FY99 enacted level—to provide 85,400 additional housing units for owners and renters. About 3 percent of the HOME funds is likely to be used for tenant-based assistance.

Public Housing and HOPE VI. The Administration is pursuing reforms to remove and replace the most distressed public housing projects and to insist that

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the units remaining (most of the public housing stock) be managed well and maintained as high-quality housing. HOPE VI provides funds for innovative and comprehensive approaches to address the problems of severely distressed public housing. By going beyond bricks and mortar, HOPE VI gives local partnerships the chance to undertake comprehensive community building and use the revitalization of public housing as an opportunity to turn neighborhoods around. The FY2000 budget proposes an appropriation of $625 million for HOPE VI. As part of the initiative, HUD plans to approve the demolition of 10,000 obsolete public housing units during FY2000, which will bring the Administration closer to its goal of approving demolition of 100,000 obsolete units. The units will be replaced with a combination of new units and expanded Section 8 rental assistance. HOPE VI communities are composed of well-designed, mixed-income developments. The communities also make social services readily available to those residents with lower incomes, including families, the elderly, and disabled persons. HOPE VI is thus a tool for comprehensive community building.

For public housing overall, the budget proposes a small increase in operating funds to $3 billion in FY2000. In addition to operating funds, the FY2000 budget proposes $2.55 billion for public housing capital needs. These operating and capital subsidies go to approximately 3,200 public housing authorities with 1.2 million units under their management.

Continuum-of-Care Homeless Assistance. In 1994 the Administration launched a new approach to address homelessness, focused on long-term solutions and not just on emergency or stopgap measures. Continuum-of-Care works with communities nationwide to establish a continuum of programs that help homeless persons move into jobs and permanent housing. The Federal grants help communities provide a wide array of comprehensive support for homeless people including emergency shelter, single-room-occupancy dwellings, social services and training, and assistance for homeless people with disabilities. As a result of the success of this approach to helping thousands of people move from homelessness to self-sufficiency, the FY2000 budget requests $1.13 billion in Continuum-of-Care funding, a significant increase over the levels enacted in FY99. Among many other initiatives in the program, the funds will support 18,000 incremental Section 8 vouchers to help homeless persons secure permanent housing.

Housing for Older Americans. As many as 1 in 5 Americans will be elderly by 2050, swelling the elderly population to 80 million people over the age of 65. To help address this growing demographic challenge, the Administration proposes $750 million in FY2000 for housing assistance to senior citizens to increase the supply of housing for America's low-income seniors and improve housing for those already receiving assistance. Many elderly homeowners often find themselves house rich but cash poor. To help them acquire the money they need to stay in their homes, the Administration wants to expand its initiative to convert seniors' home equity into rehabilitation and property improvement loans through HUD's reverse mortgage program. The Administration will also continue the Federal Government's long-standing commitment to the Section 202 Housing for the Elderly program. The FY2000 budget calls for $660 million for Section 202, an increase that enables the expansion of nonprofit housing available for unserved elderly by an estimated 5,790 new units. As part of the program, 15,000 new housing vouchers will provide support to very-low-income elderly who move into apartments constructed using LIHTC, and $80 million will go toward a new capital grants program to convert some or all units of existing Section 202 housing to assisted living.

D. Promoting Smarter Growth and Livable Communities

The 21st Century Agenda for Cities and Suburbs includes a major new initiative to promote livable communities. Its six components are designed to provide support to State and local governments and private sector partners to create regional growth strategies, share information across jurisdictions, remove blighted and vacant buildings, and use advanced technology to assist regionwide decision-making. The Agenda also includes measures to continue the advances most communities are making in improving public safety, strengthening schools, and protecting and preserving the natural environment and historic treasures.

The Administration's FY2000 budget proposes $1 billion in new investments to help build livable communities for the 21st century. These proposals, which build on the Administration's **Livable Communities** initiative, would provide communities with new tools and resources to revitalize urban neighborhoods, ease traffic congestion, save farms and other green space, develop regional partnerships, and pursue other smart-growth strategies. They complement the $1 billion **Lands Legacy Initiative** also proposed in the Administration's FY2000 budget.

The Livable Communities initiative is designed to broaden the choices available to communities and to help empower them to:

- Sustain prosperity and expand economic opportunity.
- Ensure that all members of the community can share in this prosperity and opportunity.
- Enhance the quality of life.
- Build a stronger sense of community.

Better America Bonds. Urban redevelopment efforts will get a boost from a new Administration initiative called Better America Bonds. This initiative provides a new financing tool for State and local governments to clean up abandoned industrial sites, preserve green space, create or restore urban parks, and protect water quality. The initiative is designed to generate $9.5 billion in bond authority for such investments over 5 years. The FY2000 budget proposes tax credits totaling almost $700 million over 5 years to support the bonds. The program will be administered jointly by the U.S. Department of the Treasury and EPA.

Regional Connections. This initiative would provide $50 million to HUD in FY2000 to fund local partnerships to develop and implement locally driven smart-growth strategies that address economic and community development needs across jurisdictional lines. Broadly speaking, such strategies will include incentives for coordinated reinvestment in already built-up and infrastructure-rich areas—especially central cities and older suburbs—and growth alternatives in newly developing cities. Participating regions will be asked to outline strategies for managing the economy and workforce in ways that reinforce the overall development strategy. Eligible lead applicants will include consortia of States and localities working in active partnerships with the private sector, nonprofit institutions, and community groups as well as with regional institutions such as councils of government, regional councils, and metropolitan planning organizations. Flexible dollars to strengthen institutions and develop high-impact regional projects are the hardest to come by for most regions. (This year's request is for a separate program with its own appropriation rather than a set-aside in the CDBG program, as proposed last year.)

Community Transportation Choices. To help ease traffic congestion, the DOT budget for FY2000 proposes a record $6.1 billion for public transit and $2.2 billion to aggressively implement innovative community-based programs under the Transportation Equity Act for the 21st Century. The funding includes $1.8 billion for the **Congestion Mitigation and Air Quality Improvement Program** to help communities meet the requirements of the Clean Air Act and represents a total 16-percent increase over FY99.

The proposal includes a proposed $48 billion for the **Transportation and Community and System Preservation (TCSP) Pilot**, which helps States and local communities develop strategies that improve the efficiency of the transportation system, minimize environmental impacts of transportation, and reduce the need for costly public infrastructure investments such as building major new urban highways or rail systems.

Redevelopment of Abandoned Buildings Initiative. One of the primary causes of blight in urban neighborhoods is abandoned apartment buildings, homes, warehouses, offices, and commercial centers. Through this new initiative, which will receive $50 million in the Administration's FY2000 budget, HUD will provide competitive grants to local governments to support the removal of abandoned buildings as part of a holistic plan to redevelop properties for commercial use, housing, open space, or other productive community use. Such plans will require significant private sector participation. Eliminating nonhistoric abandoned buildings for which rehabilitation is not feasible will give these areas new hope by shifting their direction from deterioration to development.

Regional Crime Data Sharing. The Administration's FY2000 budget proposes $125 million to expand programs that help communities share information to improve public safety. These programs will improve and continue to computerize national, State, and local criminal records and develop or upgrade local communications technologies and criminal justice identification systems to help local law enforcement agencies share information in a timely manner.

Community-Centered Schools. The Administration proposes a new $10 million grant program administered by the U.S. Department of Education to encourage school districts to involve the community in planning and designing new schools.

Community/Federal Information Partnership (C/FIP). This program will make new information tools—such as geographic information systems (GIS) technology—more readily available at the local level to help communities make informed, collaborative decisions about regional growth. C/FIP includes the 15 Federal agencies that make up the Federal Geographic Data Committee, chaired by the U.S. Secretary of the Interior working in partnership with State, local, and tribal governments; the academic community; and the private sector. The National Partnership for Reinventing Government—in cooperation with the Departments of the Interior, Agriculture, and Commerce and the EPA—is sponsoring six pilot projects to demonstrate how geospatial data and maps from various government agencies can enhance community decisionmaking on local issues ranging from crime control to water quality management. The FY2000 budget requests $39.5 million for C/FIP distributed among six agencies.

An existing program that has been at the forefront of efforts to promote smarter growth and livable communities is HUD's **Brownfields Redevelopment** program (see Opening Doors to New Markets above).

The Agenda also includes existing measures to continue the advances most communities are making in public safety, strengthening schools, and protecting and preserving the natural environment and historic amenities that enrich communities' quality of life.

21st Century Policing. Communities must be safe to attract new residents and businesses and to create a sense of place. On this front, the Nation has made much progress. Serious crime has been down 6 years in a row. The murder rate has fallen more than 28 percent to its lowest point in three decades. However, there is still much to be done to stop crime and further improve the investment climate in urban neighborhoods. The FY2000 budget proposes a new **21st Century Policing Initiative** to enhance Federal anti-crime capabilities and empower States and communities, which play the central role in controlling crime (particularly violent crime).

A centerpiece of the $1.28 billion initiative is a program to put **More Police on the Streets**. The FY2000 budget provides $600 million to help communities hire and redeploy 30,000 to 50,000 more law enforcement officers over the next 5 years, especially in crime "hot spots." About $20 million will fund programs to combat violence in schools. The FY2000 budget also provides a $350 million **Crime-Fighting Technology** initiative to help State and local enforcement agencies use new technologies to communicate more effectively, solve more crimes, and conduct comprehensive crime analysis. The initiative will promote better compatibility among criminal justice agencies and foster improvement of the forensic science capabilities of State and local laboratories. The FY2000 budget provides $200 million to hire, redeploy, or train **Community-Based Prosecutors** who will interact directly with the community to fight crime on a proactive basis. **Community Crime Prevention** will receive $125 million to engage entire communities including community residents, probation and parole officers, faith-based organizations, and the private sector in preventing and fighting crime. In addition, the Administration's budget requests $2.5 million to establish **Safe Communities,** a community-based injury control program that addresses transportation safety problems at the local level.

Livable Communities Task Force

Early in the 105th Congress, Congressman Earl Blumenauer founded the Livable Communities Task Force, which is co-chaired by Reps. Lucille Roybal-Allard, Eddie Bernice Johnson, Chaka Fattah, and Robert Weygand. The task force seeks to both educate members of Congress and their staff on the Federal role in enhancing communities' livability and support those policies that are in the best interest of communities.

Strengthening Our Schools. While education is primarily a State and local responsibility, the Federal Government has a crucial role to play in supporting education from preschool through adulthood. Urban school systems are finally showing signs of improvement, but much more remains to be done. City schools still fail to prepare an alarming number of children to meet the challenges of the new high-technology economy. In 1997 more than 81 percent of urban schools had a student population that was at least 70 percent poor and 50 percent minority. Disproportionately, minority children are paying the highest price.

In addition, lagging urban educational systems remain the single most important impediment facing cities in trying to attract and keep middle- and upper-income residents. Put another way, strategies to curb unchecked growth patterns and facilitate more growth in already-developed areas must be accompanied by aggressive measures to address remaining shortcomings in urban schools.

The centerpiece of the Administration's FY2000 budget is a **New Classrooms and Modernized Schools** initiative to provide Federal tax credits to pay interest on approximately $25 billion in bonds to build and renovate public schools. Two types of bonds are being proposed: School Modernization Bonds ($22.4 billion) and Qualified Zone Academy Bonds ($2.4 billion). The tax credits on these bonds will cost the U.S. Treasury a total of $3.7 billion over 5 years.

The FY2000 budget also provides $1.4 billion as the second installment of the President's plan to help schools **recruit, hire, and train 100,000 new teachers** by 2005 and **reduce class size** in the early grades. In addition, the budget provides $115 million to help improve the quality of teacher preparation programs at colleges and universities, including $35 million in scholarships and other support for 7,000 prospective teachers who commit to teach in high-poverty schools. The budget includes $18 million to expand the **Troops to Teachers** program and $10 million to train and recruit 1,000 new Native American teachers over the next 5 years.

The FY2000 budget ensures teachers can integrate technology effectively into their instruction by providing $450 million for the **Technology Literacy Challenge Fund** and $65 million for **Community-Based Technology Centers.** The **Pre-Service Teacher Training in Technology** initiative will receive $75 million and $30 million will be provided for a new **Middle School Teacher Training** initiative to train technology experts. In addition, $1.3 billion will be made available through the education rate program **(E-rate)** created under the Telecommunications Act of 1996. E-rate provides discounts for schools and libraries to buy high-speed Internet access, internal wiring, and telecommunications services.

Experts agree that school-age children left unsupervised after school are far more likely to use alcohol, drugs, and tobacco; commit crimes; earn poor grades; and drop out of school than those who are involved in supervised, constructive activities. The FY2000 budget proposes to triple funding for the **21st Century Learning Center Program,** which supports afterschool and summer school programs nationwide. The initiative funds programs that use public school facilities and existing resources. In awarding these new funds, the U.S. Department of Education will give priority to school districts that are ending "social promotions." The FY2000 budget includes $600 million to help 1.1 million children each year participate in afterschool and summer school programs.

Lands Legacy Initiative. A key component of building strong communities is to protect and preserve the natural environment and historic treasures. The FY2000 budget proposes a $1 billion Lands Legacy Initiative for the protection of America's land and coastal resources. This initiative renews America's commitment to its natural environment. It will fully fund the Land and Water Conservation Fund for the first time, requesting $900 million and provide $442 million to protect natural and historic sites, including critical lands in the Mojave Desert, Florida's Everglades, Civil War battlefields, and the Lewis and Clark Trail.

The Lands Legacy Initiative provides $588 million to State and local governments to encourage open-space planning, protect threatened farmland and coastal areas, restore urban parks and forests, and safeguard endangered species. **Open Space Planning Grants** will go to State, regional, and local governments to help them develop smart-growth strategies. Priority for $50 million in open-space grants will go to proposals that link State open-space protection plans to regional strategies for balancing growth, land use, infrastructure development, and quality-of-life concerns. **Land Conservation Grants**—at a $150 million level—will be provided to help State and local governments acquire land and easements for open spaces, greenways, outdoor recreation, urban parks, wildlife habitat, and coastal wetlands. And under the **Urban Parks Recreation Program,** the Federal Government will provide $4 million in matching grants and technical assistance for the restoration of parks in economically distressed urban communities. The urban parks program, administered by the National Park Service, awarded more than 1,200 grants from 1978 to 1995 but has not been funded since 1995.

The **Farmland Protection Program** would receive $50 million to provide matching grants to States and communities to purchase permanent easements for farmland threatened by development and to help preserve green space around urban and suburban areas. An additional $40 million for **Urban and Community Forestry** grants would help cities establish and expand green spaces within the community.

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Conclusion

While important challenges lie ahead for America's cities and metropolitan regions, the progress of the past 6 years shows what we can accomplish with a clear focus and with the resources to make a difference. Most importantly, we must sustain America's economic growth and extend that growth to the places thus far left behind in the new economy. Moreover, we cannot think in outdated categories or be limited by historical divides.

The Nation's record economic expansion and the success of the FY99 budget have given us two great gifts. First, they have shown us what is possible. Second, they have opened a window of tremendous opportunity to extend prosperity to all. The President's budget, now before Congress, is a bold move into that window—a comprehensive agenda for seizing on the positive trends and addressing the problems that remain.

The Federal Government, too often part of the problem in the past, needs to be part of the solution if cities, and the metropolitan regions that cities anchor, are to overcome the challenges that face them and ensure a high quality of life for all. Beyond the discussion of trends, this report outlines an agenda for making the Federal Government a valuable partner as metropolitan America enters a new century. That agenda reflects the Administration's commitment to work with Congress, empowering local communities as they prepare for that new century and for critical new roles in our national life.

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List of Exhibits

Appendix A

The Administration's FY2000 Budget Highlights for Cities and Suburban Communities

The Administration's FY2000 budget includes a range of initiatives to capitalize on today's favorable conditions for tapping new markets, to anchor the positive trends in central cities, and to help cities, suburbs, and metropolitan regions address remaining challenges.

U.S. Department of Housing and Urban Development

America's Private Investment Companies (APIC). Receives $37 million in credit subsidy to cover the cost of providing Federal guarantees on $1 billion in private loans made through APICs. These loans will leverage an additional $500 million in private equity capital for new private investment companies that invest in large-scale businesses and distressed areas.

Brownfields Redevelopment. Provides $50 million to redevelop abandoned and underused commercial and industrial sites in partnership with the U.S. Environmental Protection Agency.

Community Development Block Grants (CDBGs). Includes $4.775 billion for this highly flexible tool for assisting cities, towns, and States in meeting local community development priorities and objectives.

Community Empowerment Fund (CEF)/CEF Trust. Combines $125 million in Economic Development Initiative grants with an estimated $625 million in Section 108 guaranteed private loans to ensure that local governments have the public capital they need to support critical business investment and job creation projects in distressed communities, with special priority going to Welfare-to-Work Targeted Job Creation and to connecting central cities to areas of regional economic growth. The CEF Trust will receive up to $25 million to pool loans and pave the way for a fully private secondary market for economic development loans to emerge.

Continuum-of-Care Homeless Assistance. Provides $1.13 billion to help localities address homelessness through initiatives that help people with a full range of needs from emergency shelter to preparing for jobs and moving to permanent housing.

Empowerment Zone and Enterprise Community (EZ/EC) Initiative. Provides guaranteed funding for 10 years for a total commitment of $1.6 billion for EZs and ECs, including $50 million for a Regional Empowerment Zone Initiative.

HOME Investment Partnership Program (HOME). Provides $1.61 billion to allow local governments to finance the construction and rehabilitation of multifamily rental housing, provide tenant-based assistance, improve housing for current owners, and assist new homebuyers with acquisition, construction, and rehabilitation.

Homeownership Zones. Funds a $25 million set-aside in the CDBG program to pay for large-scale homeownership projects in targeted areas.

Housing for Older Americans. Receives $750 million for programs including the Section 202 elderly housing program, enabling it to expand housing available for unserved elderly by an estimated 5,790 new units.

Public Housing and HOPE VI. Receives $625 million for innovative and comprehensive HOPE VI approaches to the problems of severely distressed public housing. In addition, includes $3 billion in operating funds and $2.55 billion in capital funds for approximately 3,200 public housing authorities with 1.2 million units under their management.

Redevelopment of Abandoned Buildings Initiative. Includes $50 million in competitive grants to local governments to remove abandoned buildings and promote new development.

Regional Connections. Receives $50 million in FY2000 to fund partnerships to develop and implement locally driven smart-growth strategies across jurisdictional lines.

Youthbuild. Uses $75 million to offer disadvantaged young adults the opportunity to receive an education and employment skills while rehabilitating and

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building housing for low-income and homeless people in their communities.

100,000 Vouchers/Section 8 Rental Assistance for Needy Families. Includes $10.6 billion in new budget authority for HUD to renew existing Section 8 assistance contracts covering 2.4 million rental units and $580 million in increased funding for 100,000 new Section 8 vouchers for extremely-low-income frail elderly (15,000 vouchers), the homeless (18,000 vouchers), welfare-to-work (25,000 vouchers), and housing authorities (42,000 vouchers) to help ease lengthy Section 8 waiting lists throughout the country.

U.S. Department of Education

Adult Education and Family Literacy. Uses $575 million for adult education—an increase of $190 million over FY99—to assist adults in becoming literate and ensuring they have the skills needed in today's workforce.

E-rate. Under the Telecommunications Act of 1996, $1.3 billion will be made available through the education rate program, which provides discounts for schools and libraries to buy high-speed Internet access, internal wiring, and telecommunications services.

New Classrooms and Modernized Schools. Includes $3.7 billion in Federal tax credits over 5 years to pay interest on nearly $25 billion in bonds to build and renovate public schools.

New Teachers and Smaller Class Size. Receives $1.4 billion for the second installment of the Administration's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades.

Teaching Technology. Provides $620 million for a series of initiatives to help schools and teachers integrate new technologies into the classroom.

21st Century Learning Center Program. Includes $600 million to help 1.1 million children each year participate in afterschool and summer school programs.

U.S. Department of Health and Human Services

Childcare and Development Block Grant. Includes $4.5 billion—an increase of $1.2 billion—for States to operate childcare subsidy programs and improve the quality and availability of care.

Child and Dependent Care Tax Credit. Receives $5 billion over 5 years to expand the tax credit for working families paying for childcare.

Head Start. Provides $5.267 billion—a $607 million increase—for the Nation's premier early childhood development program.

U.S. Department of the Interior

Lands Legacy Initiative. Provides $1 billion to protect and preserve the natural environment, including full funding for the Land and Water Conservation Fund; open space planning grants to help State, regional, and local governments develop smart-growth strategies; land conservation grants to acquire land and easements for open spaces, greenways, outdoor recreation, wildlife habitat, and coastal wetlands; and restoration of urban parks.

U.S. Department of Justice

21st Century Policing Initiative. Uses a $1.28 billion initiative to fight crime, put more police officers on the streets, increase the number of community prosecutors, and help State and local enforcement agencies use new crime-fighting technologies.

U.S. Department of Labor

Dislocated Worker Program. Receives $1.6 billion to provide training and employment services to 840,000 displaced workers.

Employment Service and One-Stop Career Centers. Provides $1 billion to put the Employment Service on a path to serve 1.4 million displaced workers within 5 years and expand the One-Stop Career Centers that give unemployed people job search information and assistance.

GEAR-UP for College. Includes $240 million to enhance partnerships between high-poverty middle or junior high schools and colleges to help 381,000 low-income children prepare for and enroll in college.

Job Corps. Provides skills training, academic, and support services in a structured residential setting for 70,000 disadvantaged youth.

Right-Track Partnerships. Offers a new $100 million initiative to promote innovative partnerships among schools, employers, and community-based organizations to reduce high school dropout rates, improve high school achievement, and enhance postsecondary education and career opportunities among economically disadvantaged and limited-English-proficient youth.

Welfare-to-Work. Uses $1 billion to help welfare recipients and low-income fathers with the greatest challenges to employment move to lasting jobs and succeed in the workforce.

Youth Opportunity Areas. Provides $250 million to address the special challenges of out-of-school youth, particularly in central cities with high unemployment.

U.S. Department of Transportation

Community Transportation Choices. Combines $6.1 billion for public transit, $2.2 billion to implement innovative community-based transportation programs, and $1.8 billion to help communities with congestion and traffic problems meet the requirements of the Clean Air Act.

Job Access and Reverse Commute Program. Receives $150 million to help communities implement new or expanded transportation services to assist low-income people with getting to work.

U.S. Department of the Treasury

BusinessLINC. New partnership between the Federal Government and America's business community encourages large businesses to work with small business owners and entrepreneurs, especially in central cities and rural areas.

Community Development Financial Institutions (CDFI) Fund. Receives $125 million—a $30 million increase—for community development banks, credit unions, venture capital funds, microenterprise loan funds, and similar institutions to help finance home mortgages, community facilities, commercial development, small businesses, housing, and related development in low-income areas.

New Markets Tax Credit. New tax credit helps spur $6 billion in private investment for business growth in low- and moderate-income communities.

Low-Income Housing Tax Credit (LIHTC). Provides $1.7 billion over 5 years to increase the cap on housing tax credits and restore their value to 1986 levels, thus enabling the creations of an additional 150,000 to 180,000 new rental housing units over the next 5 years.

U.S. Environmental Protection Agency

Better America Bonds. Offers $700 million in tax credits over 5 years to support a new financing tool for State and local governments to use in cleaning up abandoned industrial sites, preserving green space, creating or restoring urban parks, and protecting water quality. The initiative is designed to generate $9.5 billion in bond authority over 5 years and is administered jointly with the U.S. Department of the Treasury.

U.S. Small Business Administration

Small Business Investment Companies (SBICs) Targeted to New Markets and New Markets Venture Capital Companies (NMVCs). Creates SBICs to provide equity and debt capital to small businesses in low- and moderate-income areas. NMVCs would target smaller start-ups with capital as well as technical assistance.

Microenterprise Lending and Technical Assistance. Provides $83 million—a 159 percent increase—for a range of programs that provide access to capital, financial services, and training to entrepreneurs traditionally bypassed by the mainstream financial sector.

Appendix B

Individual City and Suburb Results for Exhibit 4

Table 1: Jobs 1991, 1993, and 1996 and Change in Jobs for 77 Selected Cities and Their Suburbs

	City					Suburb				
	1991	1993	1996	Change 1991–93	Change 1993–96	1991	1993	1996	Change 1991–93	Change 1993–96
Albuquerque	169,471	185,761	215,068	9.6%	15.8%	39,223	50,588	52,734	29.0%	4.2%
Anchorage[†]	90,402	93,037	99,276	2.9%	6.7%	n.a.	n.a.	n.a.	n.a.	n.a.
Atlanta	321,756	324,338	356,044	0.8%	9.8%	1,064,678	1,175,477	1,410,243	10.4%	20.0%
Austin	239,488	260,324	322,007	8.7%	23.7%	63,874	80,851	105,133	26.6%	30.0%
Baltimore	296,602	297,523	286,876	0.3%	–3.6%	597,317	597,224	657,110	0.0%	10.0%
Billings	40,888	42,896	45,289	4.9%	5.6%	4,975	5,234	6,352	5.2%	21.4%
Birmingham	185,073	179,099	189,466	–3.2%	5.8%	182,820	202,687	223,295	10.9%	10.2%
Boise City	80,095	85,988	104,478	7.4%	21.5%	39,444	47,894	58,833	21.4%	22.8%
Boston[‡]	466,529	460,677	498,906	–1.3%	8.3%	2,001,108	2,037,544	2,168,392	1.8%	6.4%
Buffalo	163,359	156,943	153,312	–3.9%	–2.3%	291,131	296,297	314,421	1.8%	6.1%
Burlington[‡]	23,105	22,030	18,887	–4.7%	–14.3%	50,544	55,728	61,738	10.3%	10.8%
Charleston	51,388	52,037	52,730	1.3%	1.3%	42,065	42,812	48,539	1.8%	13.4%
Charlotte	307,462	325,854	358,405	6.0%	10.0%	270,100	282,211	328,003	4.5%	16.2%
Cheyenne	18,120	20,306	21,050	12.1%	3.7%	2,610	2,390	3,267	–8.4%	36.7%
Chicago	1,196,041	1,147,694	1,152,696	–4.0%	0.4%	2,146,136	2,208,411	2,407,647	2.9%	9.0%
Cincinnati	270,229	265,137	263,492	–1.9%	–0.6%	425,542	437,315	491,237	2.8%	12.3%
Cleveland	288,976	272,196	284,355	–5.8%	4.5%	640,728	662,562	718,276	3.4%	8.4%
Columbia	86,893	94,526	99,049	8.8%	4.8%	98,349	93,471	112,315	–5.0%	20.2%
Columbus	327,739	333,586	363,114	1.8%	8.9%	255,027	268,335	317,616	5.2%	18.4%
Dallas	726,475	711,527	756,513	–2.1%	6.3%	621,623	670,943	821,623	7.9%	22.5%
Denver	340,565	351,837	357,543	3.3%	1.6%	397,301	445,019	518,654	12.0%	16.5%
Des Moines	132,208	136,562	133,490	3.3%	–2.2%	78,758	83,976	103,823	6.6%	23.6%
Detroit	271,640	263,519	264,512	–3.0%	0.4%	1,362,714	1,421,714	1,582,586	4.3%	11.3%
El Paso	154,548	169,719	179,847	9.8%	6.0%	5,551	6,563	7,285	18.2%	11.0%
Fargo	49,157	51,166	60,550	4.1%	18.3%	18,289	19,496	21,102	6.6%	8.2%
Fort Worth	236,271	236,816	255,131	0.2%	7.7%	243,645	276,945	329,961	13.7%	19.1%
Fresno	136,703	127,618	136,963	–6.6%	7.3%	70,854	78,932	77,287	11.4%	–2.1%
Hartford[‡]	119,390	115,879	107,439	–2.9%	–7.3%	424,062	407,154	412,249	–4.0%	1.3%
Honolulu	273,646	255,687	242,939	–6.6%	–5.0%	67,183	73,880	76,984	10.0%	4.2%
Houston	1,083,992	1,066,076	1,119,104	–1.7%	5.0%	373,491	419,147	470,072	12.2%	12.1%
Indianapolis	468,363	476,521	473,893	1.7%	–0.6%	165,576	181,174	239,774	9.4%	32.3%
Jackson	111,120	113,924	117,838	2.5%	3.4%	49,354	54,961	65,161	11.4%	18.6%
Jacksonville	309,347	323,047	358,572	4.4%	11.0%	54,050	59,427	69,113	9.9%	16.3%
Kansas City, KS[§]	62,076	59,501	59,021	–4.1%	–0.8%	n.a.	n.a.	n.a.	n.a.	n.a.
Kansas City, MO	280,558	275,867	291,271	–1.7%	5.6%	345,854	371,669	426,465	7.5%	14.7%
Las Vegas	121,969	116,510	168,549	–4.5%	44.7%	228,200	292,615	350,070	28.2%	19.6%
Little Rock	134,489	135,716	159,965	0.9%	17.9%	81,970	92,807	101,670	13.2%	9.5%
Long Beach[§]	171,326	133,549	135,422	–22.0%	1.4%	n.a.	n.a.	n.a.	n.a.	n.a.
Los Angeles	1,487,911	1,380,137	1,314,053	–7.2%	–4.8%	2,041,930	1,981,560	2,020,595	–3.0%	2.0%
Louisville	205,382	195,527	198,922	–4.8%	1.7%	207,246	234,521	276,716	13.2%	18.0%

(continued)

Table 1: Jobs 1991, 1993, and 1996 and Change in Jobs for 77 Selected Cities and Their Suburbs (continued)

	City					Suburb				
	1991	1993	1996	Change 1991–93	Change 1993–96	1991	1993	1996	Change 1991–93	Change 1993–96
Manchester, NH[‡]	55,103	52,166	58,103	–5.3%	11.4%	n.a.	n.a.	n.a.	n.a.	n.a.
Memphis	320,865	321,279	348,912	0.1%	8.6%	89,383	104,964	129,496	17.4%	23.4%
Miami	210,129	200,102	192,142	–4.8%	–4.0%	537,696	580,195	628,709	7.9%	8.4%
Milwaukee	281,022	287,624	274,038	2.3%	–4.7%	401,103	416,323	467,647	3.8%	12.3%
Minneapolis	297,460	287,965	283,171	–3.2%	–1.7%	786,819	854,551	990,955	8.6%	16.0%
Nashville	323,813	332,386	372,763	2.6%	12.1%	139,666	160,138	207,444	14.7%	29.5%
New Orleans	204,452	208,852	203,696	2.2%	–2.5%	265,882	279,308	309,311	5.0%	10.7%
New York	3,004,737	2,876,495	2,950,408	–4.3%	2.6%	465,927	461,204	467,963	–1.0%	1.5%
Newark	131,304	130,403	137,773	–0.7%	5.7%	709,941	691,824	710,657	–2.6%	2.7%
Oakland	145,568	137,509	143,822	–5.5%	4.6%	624,570	627,190	682,024	0.4%	8.7%
Oklahoma City	234,382	237,866	263,100	1.5%	10.6%	108,640	120,789	136,319	11.2%	12.9%
Omaha	223,811	242,249	267,614	8.2%	10.5%	74,083	70,310	75,015	–5.1%	6.7%
Philadelphia	600,030	587,345	580,490	–2.1%	–1.2%	1,349,771	1,369,416	1,443,536	1.5%	5.4%
Phoenix	489,042	508,828	595,418	4.0%	17.0%	373,958	413,738	543,228	10.6%	31.3%
Pittsburgh	309,313	303,674	303,308	–1.8%	–0.1%	624,922	639,198	673,524	2.3%	5.4%
Portland, ME[†]	53,986	51,533	52,837	–4.5%	2.5%	63,951	68,351	76,314	6.9%	11.7%
Portland, OR	276,076	294,748	341,428	6.8%	15.8%	368,628	374,384	439,458	1.6%	17.4%
Providence[‡]	101,377	98,833	95,653	–2.5%	–3.2%	248,031	249,754	262,040	0.7%	4.9%
Sacramento	163,863	160,577	165,552	–2.0%	3.1%	257,904	263,446	296,769	2.1%	12.6%
St. Louis	251,400	264,751	270,778	5.3%	2.3%	816,725	805,774	872,418	–1.3%	8.3%
St. Paul[§]	171,482	167,385	175,083	–2.4%	4.6%	n.a.	n.a.	n.a.	n.a.	n.a.
Salt Lake City	189,648	206,196	202,646	8.7%	–1.7%	224,480	254,176	335,052	13.2%	31.8%
San Antonio	371,401	397,405	452,637	7.0%	13.9%	65,603	82,603	83,781	25.9%	1.4%
San Diego	500,573	487,764	512,915	–2.6%	5.2%	331,132	329,737	361,161	–0.4%	9.5%
San Francisco	514,147	487,834	489,281	–5.1%	0.3%	387,765	378,774	395,287	–2.3%	4.4%
San Jose	274,295	274,177	310,262	0.0%	13.2%	524,123	503,241	534,827	–4.0%	6.3%
Santa Ana	122,042	108,429	113,683	–11.2%	4.8%	1,021,223	1,016,882	1,056,264	–0.4%	3.9%
Seattle	376,073	361,622	385,583	–3.8%	6.6%	624,915	640,275	686,894	2.5%	7.3%
Sioux Falls	69,548	74,968	83,250	7.8%	11.0%	7,075	7,661	7,532	8.3%	–1.7%
Tampa	228,926	220,587	236,995	–3.6%	7.4%	540,257	572,724	655,874	6.0%	14.5%
Toledo	146,656	136,721	144,927	–6.8%	6.0%	100,596	112,381	127,926	11.7%	13.8%
Tucson	163,598	172,221	187,999	5.3%	9.2%	48,390	52,212	65,421	7.9%	25.3%
Tulsa	230,151	229,534	243,203	–0.3%	6.0%	64,216	70,752	77,813	10.2%	10.0%
Virginia Beach	107,160	109,546	125,974	2.2%	15.0%	345,701	363,901	383,154	5.3%	5.3%
Washington	402,220	415,677	387,023	3.3%	–6.9%	1,350,675	1,377,025	1,513,490	2.0%	9.9%
Wichita	182,357	178,826	187,309	–1.9%	4.7%	31,030	45,921	47,691	48.0%	3.9%
Wilmington	76,382	64,331	83,396	–15.8%	29.6%	191,575	180,311	181,112	–5.9%	0.4%
All 73 MAs[*]	**23,305,144**	**22,995,065**	**23,999,209**	**–1.3%**	**4.4%**	**29,219,678**	**30,258,967**	**33,382,447**	**3.6%**	**10.3%**
Top 10	**9,731,842**	**9,426,790**	**9,698,746**	**–3.1%**	**2.9%**	**8,107,570**	**8,344,328**	**9,184,918**	**2.9%**	**10.1%**
Top 50	**20,405,545**	**20,128,376**	**20,994,101**	**–1.4%**	**4.3%**	**23,044,098**	**23,940,408**	**26,651,353**	**3.9%**	**11.3%**

[*] Metropolitan areas.
[†] No suburb data are available for Anchorage because the central city and the Metropolitan Area are coterminous.
[‡] Suburb data are based on the New England County Metropolitan Area (NECMA) definition. There are no suburb data for Manchester, NH, because it is part of the Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH, NECMA.
[§] Because Los Angeles and Long Beach are in the same Metro Area, Kansas City, MO, and Kansas City, KS, are in the same Metro Area, and Minneapolis and St. Paul are in the same Metro Area, these pairs of cities share the same suburb data.

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Table 2: Total Establishments 1991, 1993, and 1996 and Change in Establishments for 77 Selected Cities and Their Suburbs

	City					Suburb				
	1991	1993	1996	Change 1991–93	Change 1993–96	1991	1993	1996	Change 1991–93	Change 1993–96
Albuquerque	12,140	12,845	13,598	5.8%	5.9%	2,746	3,136	3,740	14.2%	19.3%
Anchorage[†]	6,930	7,299	7,649	5.3%	4.8%	n.a.	n.a.	n.a.	n.a.	n.a.
Atlanta	14,551	14,580	15,307	0.2%	5.0%	69,012	74,994	85,502	8.7%	14.0%
Austin	15,063	15,838	17,947	5.1%	13.3%	6,340	8,166	10,000	28.8%	22.5%
Baltimore	14,453	14,431	13,777	–0.2%	–4.5%	42,305	44,053	46,997	4.1%	6.7%
Billings	3,484	3,650	3,871	4.8%	6.1%	516	581	755	12.6%	29.9%
Birmingham	7,947	7,425	7,575	–6.6%	2.0%	12,413	13,772	14,881	10.9%	8.1%
Boise City	5,378	5,760	6,178	7.1%	7.3%	3,348	4,109	5,123	22.7%	24.7%
Boston[‡]	16,723	16,908	17,714	1.1%	4.8%	125,671	128,514	135,333	2.3%	5.3%
Buffalo	7,153	7,017	6,620	–1.9%	–5.7%	20,529	20,699	20,995	0.8%	1.4%
Burlington[‡]	1,529	1,511	1,509	–1.2%	–0.1%	4,295	4,616	4,811	7.5%	4.2%
Charleston	3,095	3,002	2,976	–3.0%	–0.9%	3,269	3,590	3,910	9.8%	8.9%
Charlotte	15,968	16,479	17,337	3.2%	5.2%	16,918	17,635	20,270	4.2%	14.9%
Cheyenne	1,602	1,680	1,838	4.9%	9.4%	283	292	367	3.2%	25.7%
Chicago	55,230	55,219	56,323	0.0%	2.0%	128,884	134,296	143,713	4.2%	7.0%
Cincinnati	10,945	11,329	10,468	3.5%	–7.6%	25,995	26,894	29,407	3.5%	9.3%
Cleveland	12,198	11,798	11,662	–3.3%	–1.2%	42,803	44,336	46,897	3.6%	5.8%
Columbia	4,868	5,407	4,994	11.1%	–7.6%	6,877	6,994	8,149	1.7%	16.5%
Columbus	14,910	15,230	16,511	2.1%	8.4%	17,161	18,322	19,351	6.8%	5.6%
Dallas	36,600	37,112	36,924	1.4%	–0.5%	37,793	41,333	46,951	9.4%	13.6%
Denver	19,695	20,000	20,350	1.5%	1.8%	30,921	33,992	39,328	9.9%	15.7%
Des Moines	6,064	6,128	5,703	1.1%	–6.9%	5,511	5,929	6,914	7.6%	16.6%
Detroit	11,962	11,558	11,487	–3.4%	–0.6%	83,947	86,004	91,309	2.5%	6.2%
El Paso	10,692	11,138	11,421	4.2%	2.5%	466	547	613	17.4%	12.1%
Fargo	2,816	3,061	3,255	8.7%	6.3%	1,707	1,815	1,905	6.3%	5.0%
Fort Worth	12,338	12,423	12,602	0.7%	1.4%	19,193	20,477	23,182	6.7%	13.2%
Fresno	9,908	9,415	9,534	–5.0%	1.3%	6,872	7,397	7,080	7.6%	–4.3%
Hartford[‡]	3,790	3,534	3,362	–6.8%	–4.9%	25,932	26,005	26,585	0.3%	2.2%
Honolulu	16,135	15,738	15,085	–2.5%	–4.1%	5,117	5,517	5,901	7.8%	7.0%
Houston	56,221	57,625	57,087	2.5%	–0.9%	26,063	28,864	34,677	10.7%	20.1%
Indianapolis	22,402	23,177	22,495	3.5%	–2.9%	13,139	14,317	17,848	9.0%	24.7%
Jackson	6,408	6,239	6,002	–2.6%	–3.8%	3,515	3,982	4,582	13.3%	15.1%
Jacksonville	18,879	19,247	19,986	1.9%	3.8%	5,250	5,820	6,685	10.9%	14.9%
Kansas City, KS[§]	2,934	2,945	2,870	0.4%	–2.5%	n.a.	n.a.	n.a.	n.a.	n.a.
Kansas City, MO	12,431	12,287	12,400	–1.2%	0.9%	26,389	28,164	30,757	6.7%	9.2%
Las Vegas	7,093	7,317	10,018	3.2%	36.9%	10,290	14,865	16,519	44.5%	11.1%
Little Rock	7,324	7,414	7,572	1.2%	2.1%	6,394	6,988	7,712	9.3%	10.4%
Los Angeles	94,453	92,588	90,585	–2.0%	–2.2%	116,384	112,112	117,831	–3.7%	5.1%
Long Beach[§]	7,877	7,552	7,175	–4.1%	–5.0%	n.a.	n.a.	n.a.	n.a.	n.a.
Louisville	9,168	8,963	8,929	–2.2%	–0.4%	14,468	15,664	17,267	8.3%	10.2%

(continued)

Table 2: Total Establishments 1991, 1993, and 1996 and Change in Establishments for 77 Selected Cities and Their Suburbs (continued)

	City					Suburb				
	1991	1993	1996	Change 1991–93	Change 1993–96	1991	1993	1996	Change 1991–93	Change 1993–96
Manchester, NH‡	3,134	3,036	3,187	–3.1%	5.0%	n.a.	n.a.	n.a.	n.a.	n.a.
Memphis	16,213	15,821	15,941	–2.4%	0.8%	6,807	7,744	8,625	13.8%	11.4%
Miami	16,012	16,305	15,058	1.8%	–7.6%	45,117	48,478	51,400	7.4%	6.0%
Milwaukee	12,372	12,382	11,848	0.1%	–4.3%	24,439	25,628	27,142	4.9%	5.9%
Minneapolis	11,709	11,644	11,654	–0.6%	0.1%	48,378	52,511	58,573	8.5%	11.5%
Nashville	17,246	17,854	18,704	3.5%	4.8%	9,777	10,927	12,912	11.8%	18.2%
New Orleans	10,931	11,048	10,808	1.1%	–2.2%	18,066	19,039	20,566	5.4%	8.0%
New York	184,510	183,726	191,443	–0.4%	4.2%	38,171	38,494	39,608	0.8%	2.9%
Newark	5,130	5,123	5,239	–0.1%	2.3%	49,311	49,206	51,790	–0.2%	5.3%
Oakland	9,227	9,186	8,995	–0.4%	–2.1%	44,344	44,923	45,820	1.3%	2.0%
Oklahoma City	14,438	14,687	15,677	1.7%	6.7%	10,796	11,923	12,628	10.4%	5.9%
Omaha	11,160	11,529	12,023	3.3%	4.3%	5,569	5,915	6,098	6.2%	3.1%
Philadelphia	27,812	26,959	26,438	–3.1%	–1.9%	88,931	91,211	94,905	2.6%	4.0%
Phoenix	27,576	28,473	30,278	3.3%	6.3%	27,991	30,299	36,074	8.2%	19.1%
Pittsburgh	11,823	11,491	11,400	–2.8%	–0.8%	45,300	45,899	47,141	1.3%	2.7%
Portland, ME‡	3,173	3,158	3,293	–0.5%	4.3%	5,294	5,569	6,136	5.2%	10.2%
Portland, OR	15,580	17,856	19,663	14.6%	10.1%	28,716	29,989	33,457	4.4%	11.6%
Providence‡	5,292	5,149	5,050	–2.7%	–1.9%	19,281	19,757	20,383	2.5%	3.2%
Sacramento	9,928	9,781	9,831	–1.5%	0.5%	24,455	23,781	24,108	–2.8%	1.4%
St. Louis	9,793	10,944	10,104	11.8%	–7.7%	52,226	52,632	55,530	0.8%	5.5%
St. Paul§	7,099	6,942	6,949	–2.2%	0.1%	n.a.	n.a.	n.a.	n.a.	n.a.
Salt Lake City	8,853	9,250	8,259	4.5%	–10.7%	16,359	17,884	22,541	9.3%	26.0%
San Antonio	22,311	23,356	24,416	4.7%	4.5%	5,924	6,751	7,460	14.0%	10.5%
San Diego	29,501	29,168	30,476	–1.1%	4.5%	31,040	30,728	31,008	–1.0%	0.9%
San Francisco	31,628	30,013	30,987	–5.1%	3.2%	28,176	28,187	29,196	0.0%	3.6%
San Jose	16,231	16,429	17,408	1.2%	6.0%	23,342	23,433	24,188	0.4%	3.2%
Santa Ana	7,224	6,624	6,653	–8.3%	0.4%	64,238	63,814	65,130	–0.7%	2.1%
Seattle	22,066	22,539	23,150	2.1%	2.7%	42,392	45,366	49,016	7.0%	8.0%
Sioux Falls	3,664	3,928	4,281	7.2%	9.0%	972	1,008	1,032	3.7%	2.4%
Tampa	12,433	11,741	11,936	–5.6%	1.7%	42,636	44,888	46,971	5.3%	4.6%
Toledo	7,657	7,625	7,480	–0.4%	–1.9%	6,681	6,892	7,425	3.2%	7.7%
Tucson	11,267	11,858	12,432	5.2%	4.8%	4,279	4,440	5,226	3.8%	17.7%
Tulsa	13,464	13,804	14,170	2.5%	2.7%	6,064	6,661	7,201	9.8%	8.1%
Virginia Beach	8,755	9,124	9,673	4.2%	6.0%	21,907	22,465	23,206	2.5%	3.3%
Washington	19,257	19,318	19,454	0.3%	0.7%	89,211	93,924	100,703	5.3%	7.2%
Wichita	9,296	9,532	9,747	2.5%	2.3%	2,425	3,549	3,716	46.4%	4.7%
Wilmington	3,557	3,597	4,130	1.1%	14.8%	11,823	11,186	11,994	–5.4%	7.2%
All 73 MAs*	**1,256,679**	**1,263,869**	**1,286,931**	**0.6%**	**1.8%**	**1,959,154**	**2,039,892**	**2,192,756**	**4.1%**	**7.5%**
Top 10	**546,176**	**545,784**	**555,457**	**–0.1%**	**1.8%**	**537,775**	**552,425**	**594,388**	**2.7%**	**7.6%**
Top 50	**1,108,973**	**1,116,661**	**1,139,571**	**0.7%**	**2.1%**	**1,561,511**	**1,630,522**	**1,760,025**	**4.4%**	**7.9%**

* Metropolitan areas.
† No suburb data are available for Anchorage because the central city and the Metropolitan Area are coterminous.
‡ Suburb data are based on the New England County Metropolitan Area (NECMA) definition. There are no suburb data for Manchester, NH, because it is part of the Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH, NECMA.
§ Because Los Angeles and Long Beach are in the same Metro Area, Kansas City, MO, and Kansas City, KS, are in the same Metro Area, and Minneapolis and St. Paul are in the same Metro Area, these pairs of cities share the same suburb data.

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Table 3: Average Annual Pay in 1998 Dollars 1991, 1993, and 1996 and Change in Pay for 77 Selected Cities and Their Suburbs

	City					Suburb				
	1991	1993	1996	Change 1991–93	Change 1993–96	1991	1993	1996	Change 1991–93	Change 1993–96
Albuquerque	$23,331	$23,791	$24,600	2.0%	3.4%	$29,148	$33,227	$29,614	14.0%	–10.9%
Anchorage[†]	$38,287	$39,099	$38,137	2.1%	–2.5%	n.a.	n.a.	n.a.	n.a.	n.a.
Atlanta	$34,202	$35,025	$36,488	2.4%	4.2%	$28,360	$29,040	$29,678	2.4%	2.2%
Austin	$27,116	$27,853	$30,043	2.7%	7.9%	$21,148	$21,386	$23,741	1.1%	11.0%
Baltimore	$30,043	$30,344	$32,001	1.0%	5.5%	$27,472	$27,782	$28,591	1.1%	2.9%
Billings	$22,797	$23,134	$23,034	1.5%	–0.4%	$23,133	$22,456	$24,639	–2.9%	9.7%
Birmingham	$28,437	$29,123	$31,143	2.4%	6.9%	$25,470	$26,151	$26,571	2.7%	1.6%
Boise City	$27,374	$27,919	$30,093	2.0%	7.8%	$20,963	$21,835	$23,531	4.2%	7.8%
Boston[‡]	$36,989	$39,082	$41,621	5.7%	6.5%	$30,530	$31,077	$32,141	1.8%	3.4%
Buffalo	$26,757	$27,616	$28,150	3.2%	1.9%	$24,600	$24,974	$25,517	1.5%	2.2%
Burlington[‡]	$26,053	$27,720	$27,147	6.4%	–2.1%	$28,427	$27,453	$27,315	–3.4%	–0.5%
Charleston	$26,994	$27,009	$28,380	0.1%	5.1%	$26,555	$27,859	$26,554	4.9%	–4.7%
Charlotte	$30,210	$30,521	$32,763	1.0%	7.3%	$24,369	$25,297	$26,034	3.8%	2.9%
Cheyenne	$20,890	$22,020	$20,948	5.4%	–4.9%	$22,890	$24,856	$20,221	8.6%	–18.6%
Chicago	$34,202	$34,962	$36,604	2.2%	4.7%	$31,301	$31,798	$33,319	1.6%	4.8%
Cincinnati	$31,674	$32,563	$32,496	2.8%	–0.2%	$25,043	$25,615	$27,235	2.3%	6.3%
Cleveland	$34,398	$33,760	$33,977	–1.9%	0.6%	$27,776	$27,914	$28,369	0.5%	1.6%
Columbia	$25,501	$27,596	$27,511	8.2%	–0.3%	$21,795	$21,675	$23,174	–0.5%	6.9%
Columbus	$28,945	$28,293	$29,132	–2.3%	3.0%	$25,610	$25,904	$25,803	1.2%	–0.4%
Dallas	$32,606	$33,891	$35,488	3.9%	4.7%	$29,422	$30,035	$31,407	2.1%	4.6%
Denver	$31,068	$31,325	$32,281	0.8%	3.1%	$29,478	$29,434	$30,759	–0.2%	4.5%
Des Moines	$26,706	$28,228	$28,650	5.7%	1.5%	$23,667	$24,522	$26,784	3.6%	9.2%
Detroit	$34,185	$35,267	$36,544	3.2%	3.6%	$32,476	$33,011	$34,571	1.6%	4.7%
El Paso	$20,169	$20,060	$21,205	–0.5%	5.7%	$19,865	$19,382	$17,170	–2.4%	–11.4%
Fargo	$22,738	$23,631	$22,760	3.9%	–3.7%	$18,392	$17,492	$19,588	–4.9%	12.0%
Fort Worth	$29,336	$31,007	$31,822	5.7%	2.6%	$23,140	$23,577	$23,812	1.9%	1.0%
Fresno	$25,655	$25,536	$24,891	–0.5%	–2.5%	$23,741	$23,039	$22,891	–3.0%	–0.6%
Hartford[‡]	$40,395	$40,248	$38,783	–0.4%	–3.6%	$32,009	$31,946	$32,571	–0.2%	2.0%
Honolulu	$29,058	$29,694	$29,244	2.2%	–1.5%	$23,241	$24,585	$24,161	5.8%	–1.7%
Houston	$33,815	$33,407	$35,387	–1.2%	5.9%	$27,574	$27,803	$28,311	0.8%	1.8%
Indianapolis	$29,375	$30,457	$30,678	3.7%	0.7%	$24,678	$24,705	$26,897	0.1%	8.9%
Jackson	$23,918	$24,176	$25,176	1.1%	4.1%	$21,491	$22,999	$22,940	7.0%	–0.3%
Jacksonville	$25,538	$25,481	$26,718	–0.2%	4.9%	$20,242	$19,887	$20,656	–1.8%	3.9%
Kansas City, KS[§]	$28,639	$27,675	$30,217	–3.4%	9.2%	n.a.	n.a.	n.a.	n.a.	n.a.
Kansas City, MO	$29,676	$30,459	$31,843	2.6%	4.5%	$25,152	$25,883	$26,812	2.9%	3.6%
Las Vegas	$24,810	$26,025	$27,293	4.9%	4.9%	$25,009	$25,373	$25,644	1.5%	1.1%
Little Rock	$25,357	$27,020	$26,602	6.6%	–1.5%	$20,832	$20,573	$21,284	–1.2%	3.5%
Los Angeles	$33,441	$33,939	$34,294	1.5%	1.0%	$31,181	$30,765	$31,447	–1.3%	2.2%
Long Beach[§]	$35,510	$33,329	$37,347	–6.1%	12.1%	n.a.	n.a.	n.a.	n.a.	n.a.
Louisville	$27,520	$28,410	$28,533	3.2%	0.4%	$22,658	$24,529	$25,042	8.3%	2.1%

(continued)

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Table 3: Average Pay in 1998 Dollars 1991, 1993, and 1996 and Change in Pay for 77 Selected Cities and Their Suburbs (continued)

	City					Suburb				
	1991	1993	1996	Change 1991–93	Change 1993–96	1991	1993	1996	Change 1991–93	Change 1993–96
Manchester, NH[‡]	$27,354	$28,534	$28,305	4.3%	–0.8%	n.a.	n.a.	n.a.	n.a.	n.a.
Memphis	$27,215	$27,886	$29,670	2.5%	6.4%	$22,359	$22,585	$23,366	1.0%	3.5%
Miami	$29,546	$29,952	$32,373	1.4%	8.1%	$25,529	$26,114	$26,137	2.3%	0.1%
Milwaukee	$29,288	$30,086	$30,671	2.7%	1.9%	$26,774	$27,622	$28,720	3.2%	4.0%
Minneapolis	$34,069	$35,191	$36,202	3.3%	2.9%	$28,127	$28,902	$30,731	2.8%	6.3%
Nashville	$26,546	$28,495	$29,777	7.3%	4.5%	$24,276	$25,320	$26,131	4.3%	3.2%
New Orleans	$26,407	$26,493	$26,929	0.3%	1.6%	$24,408	$24,511	$25,270	0.4%	3.1%
New York	$39,887	$42,605	$46,700	6.8%	9.6%	$33,020	$34,900	$36,532	5.7%	4.7%
Newark	$35,452	$35,639	$38,035	0.5%	6.7%	$35,736	$36,933	$37,969	3.4%	2.8%
Oakland	$33,505	$34,049	$34,457	1.6%	1.2%	$31,988	$32,953	$35,242	3.0%	6.9%
Oklahoma City	$26,699	$26,703	$26,273	0.0%	–1.6%	$18,274	$18,659	$18,915	2.1%	1.4%
Omaha	$24,466	$25,461	$27,238	4.1%	7.0%	$22,877	$21,984	$22,669	–3.9%	3.1%
Philadelphia	$31,487	$31,228	$33,034	–0.8%	5.8%	$29,851	$30,894	$32,286	3.5%	4.5%
Phoenix	$27,780	$27,917	$29,263	0.5%	4.8%	$24,423	$25,771	$26,705	5.5%	3.6%
Pittsburgh	$31,821	$31,947	$33,178	0.4%	3.9%	$26,387	$26,254	$26,673	–0.5%	1.6%
Portland, ME[‡]	$29,160	$29,446	$29,797	1.0%	1.2%	$23,917	$25,192	$25,590	5.3%	1.6%
Portland, OR	$29,579	$30,068	$31,022	1.7%	3.2%	$26,140	$27,707	$29,725	6.0%	7.3%
Providence[‡]	$28,635	$29,343	$30,314	2.5%	3.3%	$24,610	$25,276	$25,427	2.7%	0.6%
Sacramento	$28,697	$28,695	$29,065	0.0%	1.3%	$24,976	$25,799	$27,037	3.3%	4.8%
St. Louis	$31,029	$31,207	$32,963	0.6%	5.6%	$27,792	$27,736	$28,678	–0.2%	3.4%
St. Paul[§]	$30,535	$31,806	$33,437	4.2%	5.1%	n.a.	n.a.	n.a.	n.a.	n.a.
Salt Lake City	$27,833	$28,667	$29,551	3.0%	3.1%	$22,267	$22,501	$24,008	1.1%	6.7%
San Antonio	$23,613	$23,961	$25,043	1.5%	4.5%	$18,958	$20,224	$20,389	6.7%	0.8%
San Diego	$30,091	$30,686	$31,769	2.0%	3.5%	$23,560	$23,241	$24,055	–1.4%	3.5%
San Francisco	$37,022	$38,873	$41,497	5.0%	6.8%	$35,268	$36,400	$38,807	3.2%	6.6%
San Jose	$35,492	$36,940	$41,338	4.1%	11.9%	$42,664	$44,570	$50,163	4.5%	12.5%
Santa Ana	$30,073	$29,575	$29,201	–1.7%	–1.3%	$31,375	$31,563	$32,801	0.6%	3.9%
Seattle	$31,934	$32,135	$34,472	0.6%	7.3%	$32,024	$32,145	$36,789	0.4%	14.4%
Sioux Falls	$22,596	$22,137	$23,203	–2.0%	4.8%	$20,090	$19,089	$19,352	–5.0%	1.4%
Tampa	$26,938	$27,594	$28,030	2.4%	1.6%	$21,947	$23,514	$23,724	7.1%	0.9%
Toledo	$27,656	$29,082	$28,906	5.2%	–0.6%	$25,773	$25,983	$26,948	0.8%	3.7%
Tucson	$23,608	$22,965	$24,224	–2.7%	5.5%	$21,140	$22,099	$23,848	4.5%	7.9%
Tulsa	$29,306	$28,992	$28,980	–1.1%	0.0%	$22,363	$22,442	$22,099	0.4%	–1.5%
Virginia Beach	$19,886	$20,833	$20,825	4.8%	0.0%	$24,047	$23,657	$24,012	–1.6%	1.5%
Washington	$36,590	$36,839	$40,259	0.7%	9.3%	$31,124	$32,038	$33,256	2.9%	3.8%
Wichita	$28,620	$28,596	$29,667	–0.1%	3.7%	$25,998	$23,706	$25,119	–8.8%	6.0%
Wilmington	$38,048	$42,740	$44,659	12.3%	4.5%	$29,373	$31,283	$30,455	6.5%	–2.6%
All 73 MAs*	**$31,911**	**$32,615**	**$34,103**	**2.2%**	**4.6%**	**$29,011**	**$29,445**	**$30,515**	**1.5%**	**3.6%**
Top 10	**$34,572**	**$35,598**	**$37,674**	**3.0%**	**5.8%**	**$29,938**	**$30,278**	**$31,471**	**1.1%**	**3.9%**
Top 50	**$32,364**	**$33,063**	**$34,677**	**2.2%**	**4.9%**	**$28,889**	**$29,295**	**$30,481**	**1.4%**	**4.0%**

* Metropolitan areas.

† No suburb data are available for Anchorage because the central city and the Metropolitan Area are coterminous.

‡ Suburb data are based on the New England County Metropolitan Area (NECMA) definition. There are no suburb data for Manchester, NH, because it is part of the Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH, NECMA.

§ Because Los Angeles and Long Beach are in the same Metro Area, Kansas City, MO, and Kansas City, KS, are in the same Metro Area, and Minneapolis and St. Paul are in the same Metro Area, these pairs of cities share the same suburb data.

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29 Estimated from the Current Population Survey.

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31 This Network was empowered through the Workforce Investment Act.

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